1

STANDING COMMITTEE ON ENERGY (2004-2005)

FOURTEENTH LOK SABHA

MINISTRY OF POWER

DEMANDS FOR GRANTS (2004-2005)

FIRST REPORT

LOK SABHA SECRETARIAT
NEW DELHI

August, 2004 / *Sravana*, 1926 (*Saka*)

FIRST REPORT

STANDING COMMITTEE ON ENERGY
(2004-2005)

(FOURTEENTH LOK SABHA)

MINISTRY OF POWER

DEMANDS FOR GRANTS
(2004-2005)

Presented to Lok Sabha on 19.8.2004

Laid in Rajya Sabha on 19.8.2004

LOK SABHA SECRETARIAT
NEW DELHI

August, 2004/*Sravana,* 1926 *(Saka)*

CONTENTS

PAGE

COMPOSITION OF THE COMMITTEE ..... (iii)

INTRODUCTION ..... (v)

PART I

CHAPTER I

Introductory 1

CHAPTER II

Analysis of Demands for Grants and Plan Budget of the Ministry of Power 6

A. Central Plan Outlay 6

B. Power Generation 14

C. Energy Conservation 20

D. Renovation & Modernization of Power Projects 33

E. Accelerated Power Development and Reforms Programme & Power 40

F. Rural Electrification Programme 45

G. Tariff Policy and Free Power 54

H. Project Implementation in North-Eastern Region 57

I. Powergrid Corporation of India Limited 60

J. Damodar Valley Corporation (DVC) 70

Statement of Conclusion/Recommendations of the Standing Committee on Energy Contained in the Report 73

PAGE

PART II

ANNEXURES

I. Consolidated Financial Requirements of the Ministry of Power 100

II. Review of Performance during 2002-03, 2003-04 and targets for 2004-05 102

III. Progress Report in respect of Village Electrification 108

IV. Progress Report in respect of Pumpset Energisation 110

V. Main Recommendations of the Task Force on Tariff Policy 112

VI. Minutes of the First sitting of the Standing Committee on Energy (2004-05) held on 12th August, 2004 in Committee Room 'C', Parliament House Annexe, New Delhi 114

VII. Minutes of the third sitting of the Standing Committee on Energy (2004-05) held on 18 August, 2004 in Committee Room '139', Parliament House Annexe, New Delhi 117

COMPOSITION OF THE STANDING COMMITTEE ON ENERGY (2004-05)

Shri Gurudas Kamat — *Chairman*

MEMBERS

Lok Sabha

2. Shri Gauri Shankar Chaturbhuj Bisen
3. Shri Ajay Chakraborty
4. Shri Nandkumar Singh Chauhan
5. Shri A.B.A. Ghani Khan Choudhary
6. Shri B. Vinod Kumar
7. Shri Chander Kumar
8. Shri Subodh Mohite
9. Shri Dharmendra Pradhan
10. Shri Prashanta Pradhan
11. Dr. Rabindra Kumar Rana
12. Shri J.M. Aaron Rashid
13. Shri Khiren Rijiju
14. Shri Nandkumar Sai
15. Shri M. Shivanna
16. Shri Vijayendra Pal Singh
17. Shri M.K. Subba
18. Shri E.G. Sugavanam
19. Shri Tarit Baran Topdar
20. Shri G. Venkataswamy
21. Shri Chandrapal Singh Yadav

Rajya Sabha

22. Shri Kamal Akhtar
23. Shri Sudarshan Akarapu
24. Shri Vedprakash P. Goyal
25. Dr. (Smt.) Najma A. Heptullah
26. Shri Bimal Jalan

27. Dr. K. Kasturirangan
28. Shri V. Hanumantha Rao
29. Shri Matilal Sarkar
30. Shri Motilal Vora
31. Vacant

SECRETARIAT

1. Shri John Joseph — *Additional Secretary*
2. Shri Anand B. Kulkarni — *Joint Secretary*
3. Shri P.K. Bhandari — *Director*
4. Shri R.K. Bajaj — *Under Secretary*
5. Shri Arvind Sharma — *Committee Officer*

INTRODUCTION

I, the Chairman, Standing Committee on Energy having been authorised by the Committee to present the Report on their behalf, present this First Report (Fourteenth Lok Sabha) on Demands for Grants (2004-05) relating to the Ministry of Power.

2. The Committee took evidence of the representatives of the Ministry of Power on 12th August, 2004.

3. The Committee wish to thank the representatives of the Ministry of Power who appeared before the Committee and placed their considered views. They also wish to thank the Ministry of Power for furnishing the replies on the points raised by the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 18th August, 2004.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
18 *August*, 2004
27 *Sravana*, 1926 *(Saka)*

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy.

REPORT

PART I

CHAPTER I

INTRODUCTORY

The Ministry of Power started functioning independently with effect from 2nd July, 1992. Earlier it was known as the Ministry of Energy comprising the Departments of Power, Coal and Non-Conventional Energy Sources.

1.2 Electricity is a concurrent subject at Entry 38 in List III of the Seventh Schedule of the Constitution of India. The Ministry of Power is primarily responsible for the development of electrical energy in the country. The Ministry is concerned with perspective planning, policy formulation, processing of projects for investment decision, monitoring of the implementation of power projects, training and manpower development and the administration and enactment of legislation in regard to thermal, hydro power generation, transmission and distribution.

1.3 The Ministry of Power is entrusted with the evolution of the general policy in the field of Energy. Under the Allocation of Business Rules, the Ministry is responsible for the following :

(i) General policy in the electric power sector and issues relating to energy policy. (details of short, medium and long-term policies in terms of formulation, acceptance, implementation and review of such policies, cutting across sectors, fuels regions and cross-country flows).

(ii) All matters relating to hydro-electric power (except small/mini/micro hydel projects of and below 25 MW capacity) and thermal power and transmission system network.

(iii) Research, development and technical assistance relating to hydro-electric and thermal power and transmission system network.

(iv) Administration of the Electricity Act, 2003 (34 of 2003) and Energy Conservation Act, 2001, the Damodar Valley Corporation Act, 1948 (14 of 1948) and Bhakra Beas Management Board as provided in Punjab Reorganization Act, 1966 (31 of 1966)

(v) All matters relating to Central Electricity Authority and Central Electricity Regulatory Commission.

(vi) Rural Electrification Power Schemes in Union Territories and issues relating to power supply in the States and Union Territories.

(vii) Administrative control of Public Sector Undertakings, Statutory and Autonomous Bodies functioning under the Ministry.

(viii) Other Public Sector Enterprises concerned with the subject included under this Ministry except such projects as are specifically allotted to anyother Ministry or Department.

(ix) All matters concerning energy conservation and energy efficiency pertaining to Power Sector.

1.4 In all technical and economic matters, Ministry of Power is assisted by the central Electricity Authority (CEA). While the Authority (CEA)is a Statutory Body constituted under the erstwhile Electricity (Supply) Act, 1948, hereinafter replaced by the Electricity Act, 2003, where similar provisions exists, the office of the CEA is an "Attached Office" of the Ministry of Power. The CEA is responsible for technical coordination and supervision of programmes and is also entrusted with a number of statutory functions. It is headed by a Chairman, who is also ex-officio Secretary to the Government of India and comprises six full time Members of the CEA of the rank of ex-officio Additional Secretaries to the Government of India. They are designated as Member (Thermal), Member (Hydro), Member (Economic & Commercial), Member (Power Systems), Member (Planning) and Member (Grid Operation and Distribution).

1.5 Following the enactment of the Central Electricity Regulatory Commission's Act (1998) since submerged in Electricity Act, 2003 the Central Electricity Regulatory Commission (CERC) was constituted in July, 1998 with a Chairman & three full time members. The main functions of the CERC are to regulate tariff of Centrally owned or controlled generating companies, regulate inter-state transmission

including tariff of transmission entities, to regulate inter-state Bulk Sale of Power, to advise the Central government in matters of tariff formulation policy etc.

1.6 Badarpur Management Contract Cell (BMCC) is a subordinate office directly under the control of Ministry of Power and 13 subordinate offices under the control of Central Electricity Authority.

1.7 There are four Statutory Bodies, six Public Sector Undertakings, two Joint Venture Corporations, two Autonomous Bodies (Societies) and two other Organizations under the administrative control of the Ministry. These are :

I. Statutory Bodies

(i) Central Electricity Regulatory Commission (CERC), New Delhi.

(ii) Damodar Valley Corporation (DVC), Calcutta;

(iii) Bhakra Beas Management Board (BBMB), Chandigarh;

(iv) Bureau of Energy Efficiency, (BEE), New Delhi.

II. Public Sector Undertakings

(i) Rural Electrification Corporation (REC), New Delhi;

(ii) National Thermal Power Corporation (NTPC), New Delhi;

(iii) National Hydro-electric Power Corporation (NHPC), Faridabad;

(iv) North-Eastern Electric Power Corporation (NEEPCO), Shillong;

(v) Power Finance Corporation (PFC), New Delhi;

(vi) Power Grid Corporation of India Ltd. (PGCIL), New Delhi.

III. Joint Venture Corporations

(i) Satluj Jal Vidyut Nigam Limited (SJVN), Shimla;

(ii) Tehri Hydro Development Corporation (THDC), Noida (UP);

IV. Autonomous Bodies

(i) Central Power Research Institute (CPRI), Bangalore;

(ii) National Power Training Institute (NPTI), Faridabad.

V. Other Organisations

(i) Narmada Hydro Development Corporation (NHDC), Bhopal (MP) A joint venture of NHPC & Government of Madhya Pradesh.

(ii) Power Trading Corporation (PTC), New Delhi.

1.8 The Committee observe that from 1712 MW of power generation during 1950, 11,2508 MW of power is being generated sine March, 2004 in the country. The per capita consumption of electricity in India is less than 1000 KWh/year as compared to 8000 to 13000 KWh/year in the developed countries like Japan, France, Australia and USA. Further, against the all India average of 43.52% household electrification, the Committee note that States like Bihar and Jharkhand have below 10% of the household electrified so far.

1.9 Against the total installed power generation capacity of 112706 MW in India, 29625 MW is hydro power, 78492 MW is thermal, 2720 MW is nuclear and 1869 MW is wind power. Further, against the 8th Plan target of 30538 MW the actual achievements were 16422 MW. During 9th Plan 19015 MW of additional capacity of power generation was created against the target of 40245 MW. The Committee observe that 41110 MW power capacity targets have been fixed. For 10th Plan 7458 MW of the targeted capacity addition has already been achieved and projects with capacity of 27891 MW are reported under execution/implementation. The Government have initiated 50000 MW hydro-electric initiatives to cover pre-feasibility reports for 162 hydro-electric projects.

1.10 The Committee observe that the total Plan outlay for power sector (Ministry of Power) during 9th Plan were drastically reduced from an allocation of Rs. 45591.05 crore to Rs. 39454.31 crore. The total 10th Plan outlay for power sector are Rs. 1,43399.00 crore. The Committee further note that downsizing of the Plan outlays has not stopped yet. The Plan outlays for 2002-03 were reduced to Rs. 11268.26 crore at the RE stage from Rs. 13483.00 crore originally allocated. The actuals during 2002-03 were Rs. 8649.00 crore. The Committee find that the Central Plan outlays for the year 2003-04 had undergone revision from Rs. 14668.00 crore to Rs. 12038.00 crore due to reasons such as delay in sanction of projects of NHPC, non-approval of new schemes of DVC/NEEPCO/Ministry of Power, etc. The Plan outlays for the year 2004-05 are Rs. 15630.00 crore including Rs. 12030.00 as IEBR and Rs. 3600.00 crore as gross budgetary support.

1.11 The Committee also observe that there are huge T&D losses largely due to theft and un-metered supply and account for Rs. 20,000 crore annually. In this connection, the Committee note that the Government is implementing APDRP Scheme to improve sub-transmission and distribution system. Further, for accelerated electrification of all the villages and all the households the definition of 'village electrification' has been suitably modified. The funds requirement to provide electricity to all the villages and access to households is estimated at around Rs. 16,000 crore.

1.12 As of now there is huge gap between demand and supply of the electricity in the country which varies from State to State. To reduce this gap, the Ministry have taken a number of States. Apart from adding new generation capacity, it has undertaken R&M and RLA works as well as taken steps for demand side management through energy conservation measures.

1.13 The Committee have scrutinized the detailed Demands for Grants of the Ministry for the year 2004-05 vis-a-vis performance of various programmes during 2003-04. The Committee place on record their appreciation where the Ministry have been able to utilise its Grants to a large extent. The Committee approve the Demands for Grants of the Ministry of Power 2004-05 subject to their observations and recommendations which are contained in the succeeding Chapter.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS AND PLAN BUDGET OF THE MINISTRY OF POWER

A. Central Plan Outlay

2.1 Details of Central Plan allocation of the Ministry of Power for 2002-03, 2003-04 and 2004-05 are as under :

(Rs. in crore)

	Internal and Extra Budgetary Resources (IEBR)	Gross Budgetary Support	Total Plan Outlay
BE (2002-03)	10183.00	3300.00	13483.00
RE (2002-03)	8668.36	2600.00	11268.36
(2002-03) Actuals	6818.76	1830.46	8649.22
BE 2003-04	11167.61	3500.00	14667.61
RE 2003-04	10187.77	1850.00	12037.77
BE 2004-05	12030.32	3600	15630.32

2.2 From the plan outlays of the Ministry of Power, the Committee observe that for the year 2002-03, these were drastically reduced to Rs. 11268 crore at RE stage from Rs. 13483 crore at B.E. stage and the actuals of Rs. 8649.22 crore. Further, the Plan Outlay of the Ministry for 2003-04 was Rs. 14667.61 crore comprising of Rs. 3500 crore as GBS and Rs. 11167.61 crore as IEBR. This was reduced to Rs. 12037.77 crore at RE Stage comprising of Rs. 1850 crore as GBS and Rs. 10187.77 crore as IEBR. The actual utilisation as a percentage of the total Plan Outlay was 73.23%, which is higher than the over all expenditure in the immediately proceeding year 2002-03 at 64.15%.

2.3 The details of the consolidated financial requirements for the various programmes of the Ministry of Power are shown at Annexure-I.

2.4 Asked about the reasons for major short-fall in expenditure during 2002-03, the Ministry of Power informed the Committee in a written reply as under :

(Rs. in crore)

Corporation	BE	Actual Expenditure	Reasons for saving
1	2	3	4
NTPC	5.00	0.00	It was decided to fund projects from internal resources. Hence the saving of Rs. 5 crore.
NEEPCO	216.49	21.26	Saving of Rs. 195.23 crore in case of NEEPCO was due to the non approval of new schemes namely Tipaimukh HEP, Tripura Gas and Kameng. In case of Tipaimukh, the security concerns and commercial unviability of tariff was the reason for non approval. Tripura Gas Project had to be reconfigured to 280 MW in light of less availability of Gas, while Kameng HEP was not fully prepared for grant of approval.
NHPC	2131.14	1388.42	The saving of Rs. 742.72 crore in case of NHPC was due to following reasons * Non approval of the Purulia Pump storage schemes (due to absence of clarification / clearance from West Bengal), * Kishan ganga, Parbati-III, Chamera-III, projects were not ready for approval. * With regard to the funds budgeted for survey of investigation and the other new schemes, it was decided that NHPC would utilise its internal resources under the delegated powers. This has resulted

1	2	3	4
			in expediting the S&I work. However, the utilisation of GBS was affected as a result. * Approval of the Competent Authority for capitalization of IDC for the completed schemes could not be obtained.
NPTI	24.60	5.09	The saving of Rs. 19.51 crore in NPTI was due non approval of the New Schemes and slow progress of ongoing schemes.
CPRI	25.00	5.00	The saving of Rs. 23.52 crore in CPRI was due non approval of the New Schemes and slow progress of ongoing schemes.
REC (AREP)	100.00	0.00	The scheme of interest subsidy to REC (AREP) is being merged with other schemes of Rural Electrification as approved by the Government. Expenditure rescheduled for 2004-05. Hence there was the saving of Rs. 100 crore.
PFC (AG&SP)	300.00	191.91	For the scheme of interest subsidy to PFC (AG&SP), it is due to less claim received for the R&M projects in the state sector, resulting in saving of Rs. 108.09 crore.
Power Grid	80.00	50.18	With regard to the Powergrid Grant, the scheme of NERLDC was completed at lesser cost and therefore there was the saving of Rs. 29.87 crore.
New Schemes of MOP	20.00	0.00	The new schemes of MOP could not get approved by the competent authority, so the full amount of Rs. 20 crore provided for, could not be spent.

1	2	3	4
THDC	467.31	75.75	In the case of THDC it is due to non approval of the revised cost estimates of Tehri Stage-I by the competent authority. (Rs. 391.56 crore). Also due to reluctance of NR constituents to source power from Tehri PSP, the project could not get approved.

2.5 Asked about the corrective steps that have been taken to ensure the budgeted amount earmarked at initial (BE) stage is expended during 2004-05, the Committee are informed by the Ministry of Power in a written note as under :

"Ministry of Power has taken the corrective measures to ensure that the budgeted amounts earmarked at the BE stage is fully utilized during 2004-05. An intensified monitoring mechanism has been put in place as indicated hereunder :

(i) Weekly review by Secretary (Power) of the status of investment approval new of projects. Constant follow-up with Finance Ministry and Planning Commission is taken up to expedite the same so as to ensure approval of the Competent Authority and thereby utilization of budgeted expenditure.

(ii) Monthly review by Chairman, CEA of all projects.

(iii) Three stage approval process for Hydro Projects to ensure adequacy of Survey & Investigation, creation of all essential infrastructure required for commencement of construction before accord of final approval by the CCEA.

(iv) Comprehensive quarterly review by Secretary (Power) of status of all ongoing and new projects.

(v) Representatives from Planning Commission and Programme Implementation.

(vi) Periodical reviews with States on Capacity addition/ APDRP/Village Electrification.

(vii) Periodic Inter-ministerial coordination meetings with M/o P&NG; M/o Coal; M/o E&F; M/o WR for expositional clearances for the projects.

(viii) Periodic reviews with Private project developers.

(ix) Periodic visits to States—Comprehensive individual review with the State Governments.

(x) Periodic project visits.

2.6 It further stated,

"Utilization of budgeted amount is linked to the investment approval by the competent authority for new projects. Though the primary responsibility of obtaining requisite approvals lie with this Ministry, it has to coordinate the efforts with other Ministries/ Departments also. It is, therefore, the considered view of this Ministry that simplification of the project approval process is necessary in order to reduce delays and thereby improve utilisation of budgeted expenditure. The suggestions for improved delegation of powers are as under :

Sl.No.	Financial limits of plan scheme/project	Appraisal Forum	Approval Authority
(a)	Upto Rs. 1000 crore	CEA	Secretary of the Administrative Ministry/Department
(b)	Above Rs. 1000 crore but less than Rs. 2500 crore	Pre-PIB Committee under the Chairmanship of Financial Adviser of the Administrative Ministry	PIB chaired by Secretary (Exp.) with the Secretary of the Administrative Department/ Ministry and Secretary of Planning Commission as Members.
(c)	Rs. 2500 crore and above but less than Rs. 5000 crore.	Committee headed by the Secretary of the Administrative Department, Planning Commission and Department of Expenditure	Minister in-charge of the Administrative Ministry and the Finance Minister.
(d)	Rs. 5000 crore and above.	PIB chaired by Secretary (Expenditure) with the Secretary of the Administrative Department/ Ministry and Secretary Planning Commission as Members.	Cabinet/CCEA

2.7 According to Ministry of Power, alternative model to above could be to consider a Power Investment Commission for all projects of the power sector in line of Telecom Commission or National Highway Authority of India. These two bodies do not take clearance of individual projects or investment from the PIB/CCEA after an overall concept of projects or a 5 year plan target has been cleared by the CCEA. This recommendation has also been made by M/s. Mckinsey

for facilitating quick decision making in investment decisions in power sector.

2.8 The Committee have been apprised that another area where delay takes place is the Environmental clearance process which the projects of this Ministry need to obtain, both from the State Governments as well as the Ministry of Environment and Forest. It is suggested to the Committee by the Ministry of Power that in order to reduce the time taken for such clearances, a post of Environmental Adviser (EA), on the lines of a Financial Adviser, may be created in the Administrative Ministry/Department to take care of projects upto Rs. 2500.00 crore. All the elements of Environmental clearance for projects costing upto Rs. 2500.00 crore may be delegated to the EA, who shall issue such clearance after taking into account the extant policies in place by the Government of India. For projects costing beyond Rs. 2500.00 crore, the existing procedure for obtaining the environmental clearance from the Ministry of Environment may continue to be obtained.

2.9 When enquired about the details of about quarterly utilisation of funds by the Ministry of Power against the GBS of Rs. 3500 crore and IEBR of Rs. 11167.61 crore during 2003-04 and quarterly comparison with preceding year the Committee have been apprised as under :

(Rs. in crore)

	Budgeted Amount	IEBR	Total	%Utilisation in financial year 2003-04 (w.r.t. BE)	%Utilisation in financial year 2002-03 (w.r.t. BE)
Expenditure during 1st quarter	163.20	1110.24	1273.44	8.68	11.50
Expenditure during 2nd quarter	370.06	1789.16	2159.22	14.72	11.50
Expenditure during 3rd quarter	518.09	1795.80	2313.89	15.78	10.97
Expenditure during 4th quarter	795.11	4199.14	4994.25	34.05	30.18
Total	1846.46	8894.34	10740.8	73.23	64.15

2.10 The Committee are perturbed to note that the Ministry of Power projected higher Plan outlays during the years 2002-03 and

2003-04 which were drastically reduced at RE stage. From the plan outlays of the Ministry of Power, the Committee observe that for the year 2002-03, these were reduced from Rs. 13483.00 crore at B.E. stage to Rs. 11268.36 crore at RE stage. The Ministry could not utilize this reduced amount and the actuals were Rs. 8649.22 crore only. Thus, the Ministry of Power surrendered an amount of Rs. 4833.78 crore during 2002-03 against the budgeted outlays. Further, the Plan Outlays of the Ministry for 2003-04 were Rs. 14667.61 crore comprising of Rs. 3500.00 crore as GBS and Rs. 11167.61 crore as IEBR. This was reduced to Rs. 12037.77 crore at RE stage comprising of Rs. 1850 crore as GBS and Rs. 10187.77 crore as IEBR. The actual utilization of funds during 2003-04 was Rs. 10741.00 and the Ministry of Power surrendered an amount of Rs. 3927.00 crore as compared to BE for the year. Thus, in both the last two financial years, the Ministry failed to utilise the budgeted amount. The Committee are not satisfied with the reasons furnished by the Government for non-utilisation of the amount. The scheme of NERLDC by Power Grid is said to have been completed at lesser cost and resulted in saving of Rs. 29.87 crore. Better and advance budgeting would have ensured that the surrendered amount could have been utilised for other schemes. Similarly, the Committee are dismayed to note that in case of NHPC (2002-03) an amount of Rs. 742.72 crore was surrendered due to non-approval of Purulia Pump Storage, Kirshanganga, Parbati-III, Chamera III, capitalization of IDC, etc. The National Power Training Institute (NPTI) and Central Power Research Institute (CPRI) surrendered an amount of Rs. 19.5 crore and 23.52 crore respectively out of a total outlays of Rs. 24.60 crore and Rs. 25.00 crore due to non-approval of new schemes and slow progress of ongoing schemes during 2002-03. The Committee find that new schemes of the Ministry of Power for which funds to the tune of Rs. 20.00 crore were provided, could not get approved and the full amount for the purpose was surrendered during 2002-03. Further, due to non-approval of the revised cost estimates of the Tehri Stage-I by the competent authority and reluctance of the Northern Region constituents to source Power from Tehri Project, an amount of Rs. 391.56 crore was surrendered against the total outlays of Rs. 467.31 crore. Thus, it would be seen that a large number of schemes planned by the Ministry could not get even initial approval to start. This shows that those schemes were not planned by the Ministry perfectly and for which the scarce resources of the Government were blocked. The Committee do not approve the present practice being followed by the Ministry of Power which have been asking for higher allocations year after year, but the implementation of plans and policies are poor as ground realities

are not taken into account while formulating and implementing the plans. The Committee feel that with such a state of affairs the scarce resources remain locked in unproductive returns at the cost of other needy sectors of the economy. The Committee are pained to note that although they have repeatedly recommended for formulation of realistic plans but no action seems to has been taken by the Government on these recommendations. The Committee, however, expect that intensified monitoring mechanism which is being put in place by the Ministry of Power will ensure that budgeted amounts earmarked at the BE stage is fully utilised during 2004-05. At the same time, the Committee desire that the Government should review all the on-going schemes in the month of July-August and if required, re-allocate the funds so that the budgeted amount is utilised fully during the financial year.

2.11 The Committee further observe the quarterly utilization of funds by the Ministry of Power against the GBS of Rs. 3500 crore and IEBR of Rs. 11167.61 crore during 2003-04. The quarterly comparison with preceding year indicate that expenditure during first 3 quarters of the financial year are very low and it is only in the last quarter, the percentage utilization of funds is above the normal. Taking note of various ongoing projects/schemes of the Ministry of Power which are completed in a time span of three to ten years, the Committee fail to understand as to why there is rush for utilization of funds in the last quarter of the financial year. The Committee are of the view that this unhealthy trend of not spending any amount during first quarter of the financial year and rushing to major expenditure in the last quarter, especially in the month of February and March is against the financial norms. The Committee are of the concerned opinion that there has been system failure on large-scale in such cases. The Committee, therefore, strongly recommend the Government that a meaningful and relevant programmes and policies be formulated so that there should be regular infusion of funds in various projects/schemes in all quarters of the financial year and the total plan outlays are fully utilized. The Committee would like to be apprised of the action taken by the Government in this regard.

2.12 The Committee find that budget utilization is linked to the investment approval by the competent authority for each new project. The Committee in their 40th Report [Para No. 2.11 (13th Lok Sabha)]

had observed that as per the existing procedure in vogue, each thermal power project costing more than Rs. 2500.00 crore is appraised by the Central Electricity Authority. Similarly, the limit for hydro project is Rs. 250 crore. Further, all hydro projects involving rivers flowing through more than one State require CEA clearance. By implication, this means that all the hydro projects irrespective of capacity cost would need CEA node for execution. The Committee had further observed that power project costing more than Rs. 100.00 crore needs clearance from Cabinet Committee on Economic Affairs (CCEA). In order to step up the utilization of funds, the Ministry of Power had suggested that the existing procedures for obtaining approval of projects need to be streamlined. The Ministry of Finance had then responded that enhanced delegation had been permitted to various Central Ministries including Power as recently as February, 2002. The Ministry of Finance had also stated that they were open to any measure, which lead to faster improvement of power projects as well as better utilization of funds allocated to power sector. Taking note of the proposal of the Ministry of Power to enhance the delegation of powers for implementation of power projects for the consideration of the cabinet, the Committee find that the present ceiling prescribed for CCEA approval is too meager. The Committee, therefore, reiterate their earlier recommendation for enhance delegation of powers to the Ministry and its PSUs. The Committee also feel that there is a need for through analysis of the reasons for delay which can be related to environment/forests, land acquisition, law and order problems, tying up of financial resources, selling and power purchase agreements, etc. At the same time, the Committee favours the suggestion of the Ministry of Power regarding creation of Power investment Commission for all projects in power sector on the lines of Telecom Commission or the National Highway Authority of India (NHAI) whereby PIB/CCEA clearance can be obtained for 5 years plan target irrespective of taking clearance for individual projects. The Committee desire that the Ministry of Power should immediately take up this matter with the Government at appropriate level and apprise the Committee of the resultant outcome.

B. Power Generation

2.13 The over all power generation in the country has increased from 301 billion units (BUs) during 1992-93 to 531.6 billion unit during 2002-03. The overall all generation (Thermal + Nuclear + Hydel) in

public utilities in the country for the last five years are as under :

Year	Generation (BUs)
1999-2000	481.00
2000-01	499.5
2001-02	515.3
2002-03	531.6
2003-04	558.1*

*Based on actual-cum-assessment.

2.14 The Budget Estimates and Revised Estimates for power generation during the year 2002-03 and the provisions made for the years 2003-04 and 2004-05 are as under :

(Rs. in crore)

Actuals 2002-03			Budget Estimates 2003-04			Revised Estimates 2003-04			Budget Estimates 2004-05		
Plan	N-Plan	Total	Plan	N-Plan	Total	Plan	N-Plan	Total	Plan	N-Plan	Total
1109.88	1049.26	2159.14	1886.86	1141	3027.86	8068.36	1044.92	1913.28	1455.93	1080.98	2535.93

2.15 The Planning Commission had fixed a target of 40245.2 MW comprising 29545.5 MW thermal, 9819.7 MW hydro, and 880MW nuclear projects for capacity addition during the Ninth Plan. Sector-wise targets and achievements of Power Generation Programme during the Ninth Plan were as under :

Type	Target (MW)				Achievement (MW)			
	Central Sector	State Sector	Private Sector	Total	Central	State	Private	Total
Thermal	7574	4933	17038.5	29545.5	3084	5538	4975	13597
Hydro	3455	5814.7	550	9819.7	540	3912	86	4538
Nuclear	880	—	—	880	880	—	—	880
Total	11909	10747.7	17588.5	40245.2	4504	9450	5061	19015

2.16 The CPSU wise targets and achievements during 9th Plan were as under :

		Original Target (Overall 40245)	Actual / Anticipated
1.	NJPC (Nathpa Jharkri)	1500	0
2.	NHPC	450	60
	(Dulhasti	390	—
	Rangit)	60	60
3.	THDC		
	Tehri HEP	1000	0
4.	NTPC		
	Unchahar Extn.	420	420
	Faridabad Gas	400	430
	Anta Gas-II	650	—
	Auraiya Gas-II	650	—
	Kawas as-I	650	—
	Vindhyachal Extn.	1000	1000
	Kayamkulam	350	350
	Simhadri	1000	500
	Hyderabad	650	—

2.17 Asked about the capacity addition programme for the Tenth Five Year Plan, the Ministry of Power informed the Committee as under :

"A capacity addition of 41110 MW has been targeted for the 10th Five Year Plan. The sector-wise details are as under :

(figures in MW)

	Hydro	Thermal	Nuclear	Cumulative Capacity
Central Sector	8,742	12,790	1300	22,832
State Sector	4,481	6,676	0	11,157
Private Sector	1,170	5,941	0	7,121
Overall	14,393	25,407	1,300	41,110

2.18 As regards performance during the first two years of the 10th Plan and targets for 2004-05, the Ministry informed the Committee as under :

"Out of 41,110 MW capacity addition targeted for 10th Plan, a capacity of 6809.72 MW has been added in the first two years of 10th Plan. The targets and achievements of capacity addition during the first two years of 10th Plan and target fixed for 2004-05 are as follows :

(MW)

	2002-03	2003-04	2004-05
Target	4109.10	5202.34	5245.52
Achievement	2858.10	3951.62	522.92 till 31.5.04

The details of capacity addition are given at Annexure-II.

2.19 According to Ministry of Power some of the major reasons for non-achievement of the targets during earlier plan periods are as follows :

(i) Delayed financial closures of private sector projects due to non-availability of escrow.

(ii) Paucity of funds in State public sector projects.

(iii) Delay in land acquisition.

(iv) Delay in investment decision

(v) R&R problems.

(vi) Law and order problems.

(vii) Contractual problems.

(viii) Inter-State disputes in respect of hydro projects.

Efforts made for Realization of Targets

2.20 In view of the staggering capacity addition of around 20,000 MW in each of the last 3 plan periods, thus achieving less than 50% of the targets the Committee desired to know the steps that have been taken by the Government to ensure that targeted capacity addition during 10th Plan period be achieved. In this connection, the Ministry

of Power informed the Committee as under :

"Keeping in view the fact that the capacity addition by and large has lagged behind the targets which has been set before the onset of the plan period, minute details of each project from its appraisal to execution have been worked out to ensure that capacity addition target set for 10th Plan are definitely achieved. The steps initiated in this direction, *inter-alia* include the following :

(a) The 10th Plan capacity addition targets were finalized in consultation with the States and on the basis of identification of individual projects. The Central Electricity Authority and the Ministry of Power have been coordinating with the State Governments and the Utilities with a view to ensuring that each project identified for completion in the 10th Plan is actually completed on schedule.

(b) The monitoring mechanism has been strengthened. The CEA has a nodal officer for each project, both at the conception stage as well as during execution. In addition, regular review meetings are being organized in the Ministry of Power. The Ministry is also facilitating States in obtaining early clearances, resolving major bottlenecks and providing financial assistance through PFC/REC.

(c) In order to make up for any shortfall in original targets during 10th Plan, an additional capacity to the tune of 8983 MW, comprising of 8753 MW in thermal and 230 MW in hydro, has been identified in consultation with States/CPSUs.

(d) The role of REC has been expanded to cover financing of generation projects. This would enable REC to supplement the efforts of PFC in financing generation projects. These two organizations have mobilized themselves adequately to see that the execution of a good project is not hampered due to lack of funds.

(e) Taking note of the experience in the 8th and 9th Plan periods, the 10th Plan capacity addition target has consciously provided a more modest role for the private sector projects. The Central Power Sector Undertakings have a major share of the target for capacity addition in the 10th Plan.

2.21 For achieving 10th Plan targets of capacity addition, the Secretary, Ministry of Power stated during evidence as under :

> "…we are confident that we would be able to achieve 41,110 MW. Here already 7458 MW has been commissioned. About 28,000 MW are under execution and they all will be commissioned because still we have two and half years of the plan left. … we are confident that 10th Plan targets of 41,110 MW, should be able to meet not-withstanding the fact that our performance during the previous two Plans was not so good. … as far as finances are concerned, for the entire 41,110 MW capacity, there is absolutely no problem so as the financial tie up is concerned. Power Finance Corporation, Rural Electrification Corporation, State Bank of India, LIC, UTI are little more positive than they were in the past and it is quite clear that for this megawatt there should be no difficulty in the financial tie up.… The fact is that in the 10th Plan, out of 41,110 MW, we are contributing more than 50%. May be, in the 11th Plan, for which we have already begun the exercise, it might be substantially more than 50%. It may be to the extent of 60%. The balance 40% would be left for the States, for their IPPs."

2.22 The Committee observe that capacity addition programme of the Government during 9th Plan was no better than 8th Plan achievements. Against a target capacity addition of 40245.2 MW set for the 9th Plan, the actuals were only 19015 MW. The Committee note that both Central and Private sectors have lagged behind the targets set during 9th Plan in both thermal and hydel sectors. As against the targets set for 7574 MW for Central Sector (Thermal), achievement were only 3084 MW and the actuals were only 540 MW for hydro power against the targets of 3455 MW. Similarly, Private sector achieved capacity addition of 4975 MW of thermal power and 86 MW of hydro power generation against the targeted 17038.5 MW and 550 MW of thermal and hydro power respectively. The Committee, therefore, have come to an irresistible conclusion that over-optimistic and unachievable targets are set by the Government which have never come close to achievement during the last 2 Plan periods. In spite of Committee's earlier recommendations to project realistic and achievable targets, the matter has not been seriously considered. The hydel Sector has failed to materialize its targets, consequently leading to adverse hydel thermal mix. Over-dependence and a total reliance on private sector have failed to show any positive result so far. It is in this context, the Committee reiterate their earlier recommendation that it may not be desirable for the Government to

diminish their role or withdraw themselves from the power sector lest private sector should fail again (29th Report of 13th Lok Sabha). The Committee are of the opinion that power sector should be rejuvenated and restructured. There is a need to extend adequate Budgetary support to hydel sector, so that optimal 40 : 60 hydel-thermal ratio mix be attained. The Planning Commission estimated a feasible capacity addition of 47,000 MW during the 10th Plan. Considering the 8th & 9th Plans performance, the Committee observe that this target seems to be difficult to achieve. The Committee's close scrutiny has revealed that lack of investment decision in thermal PSUs, delay in receipt of foreign assistance, submission of DPRs, are some of the reasons under Central Thermal Sector, for projects being slipped from 9th Plan. The projects under private sector slipped on account of failure to achieve Financial Closure, litigation etc. Funds constraints, land acquisition/R&R problems, adverse law & order, contractual problems were some of the reasons attributed for slippage of hydel Projects. A close look at these reasons indicate that these are not the new reasons and it was precisely because of these reasons the targets could not be achieved during the 8th Plan. But, the Government did not take any corrective action to check those reasons which resulted in failure of 9th Plan. The Committee, therefore, reiterate their earlier recommendation that only achievable and realistic targets with firm details of the source of funding for capacity generation programme. The Committee desire that somewhere accountability should be fixed for projecting unrealistic targets and failure to achieve the targets fixed. The Committee urge that the Government should, at least now, ensure that the projected 10th Plan targets are achieved. The Committee would, therefore, like to be apprised of the follow-up corrective action taken by the Government.

C. Energy Conservation

2.23 Energy conservation has emerged as one of the central issue in national economic agenda in recent years. A potential of at least 25 percent reduction of energy consumption from the present level is possible in the different sectors, without forgoing any of the end-use benefits of energy. The individual and the society stand to gain from conservation and improved energy efficiency, both in terms of money saved by reducing energy costs in the short run, as well as reducing investment needs for energy production in the long run. Energy conservation also reduces or avoids the tremendous social and environmental costs resulting from in energy generation and wasteful

consumption, such as emissions of carbon dioxide (CO_2) and other pollutants and depletion of scarce resources and damage to the environment. Despite the relatively low per capita energy use in India, there is a need to increase energy availability to meet basic needs and developmental goals. However, the high level of energy intensity in some of the sectors is also a matter of concern. Hence, conservation has to go hand in hand with generation efficiency. A systematic understanding of energy consumption patterns is needed in each sector, and a strategy has to be evolved to supply energy efficiently and curtail wasteful consumption.

2.24 With the primary objective of reducing energy intensity of the Indian Economy the Bureau of Energy Efficiency (BEE) was established under the provisions of the Energy Conservation Act, 2001 *w.e.* 1st March, 2002. The Ministry of Power has released one time corpus fund of Rs. 50.00 crore under the budget allocation for the year 2002-03. BEE has been authorized to invest the same in such a way to earn the best return. The corpus fund was released to BE has been authorized to invest the same in such a way to earn the best return. The corpus fund was released to BEE during January 2003, which on the advise of executive Committee of Bureau and Governing Council of Bureau, has been parked on a private placement basis with NTPC in long-term(20 years) Secured Non-Convertible, Non-Cumulative Redeemable Taxable NTPC Bonds of Rs. 10 lakhs each (series XVII) at an interest rate of 8.75% per annum, payable on quarterly basis. Annually they are earning about Rs. 4 to 4.5 crore from the investment so made. BEF is presently, in the initial phase of establishing the institutional, promotional and regulatory arrangements and the corresponding expenditure incurred is being met from the interest earned on the corpus fund. However, some of its activities are getting funded from External Sources like GTZ, USADI, UNDP, etc. The token provision in the Budget has been made in order to facilitate the flow of external aid to BEE.

2.25 There is no budgetary support for the Bureau of Energy Efficiency (BEE) for 2003-04 and a nominal funds of Rs. 1.00 lakh has been earmarked for the year 2004-05 at BE stage. According to Ministry of Power this amount has been earmarked as new head of Account under USAID is required to be operated during 2004-05 for reimbursement of aid received from USAID to BEE.

2.26 An Action Plan with specific five-years target of 30 percent reduction in energy consumption in Government organizations was framed in August, 2002. The private sector was also argued to ensure

20 percent energy savings over the next five years. The Action Plan serves as a road map for BEE in charting out its activities for the first five years. Thrust Areas identified for the implementation of the Energy Conservation Act include identified activities for designated consumers, standard and labelling for equipment and appliances, energy conservation building codes. Demand Side Management programme on pilot scale building energy efficiency and awareness creation, especially among school children. During the year, BEE is reported to have initiated actions on the thrust areas and moved forward, in establishing institutional mechanisms and infrastructural facilities under the mandate of the Energy Conservation Act and took steps to involve industries, equipment manufacturers, financial institutions and other stakeholders for implementing the provisions of Energy Conservation Act.

2.27 The details of the Energy Conservation activities/schemes which were targeted and actually completed by the agencies other than Bureau of Energy Efficiency during each of the last three years are given as below :

Sl. No.	Scheme	Implementing Agency	Target Year of Completion	Status of implementation (As on 30th June, 2004)
1	2	3	4	5
1.	Energy Audit in the distribution system of Kerala State Electricity Board (KSEB)	Rural Electrification Corporation (REC)/KSEB	1999-2000	Completed in 2000-2001
2.	Introduction of 3000 Amorphous Core Transformers in the States of AP, Punjab, Karnataka, Maharashtra, Tamil Nadu, MP and Rajasthan	REC	1999-2000	Completed in 2003-04
3.	Energy Audit in the distribution system of WBSEB	REC/WBSEB	1999-2000	Completed in 2001-2002
4.	Introduction of Time of the Day (ToD) Meters in West Bengal	WBSEB	1999-2000	Completed in 2001-2002
5.	Pilot project on Energy Conservation and DSM by installation of Energy Efficient Lighting in WBSEB's HQs at Vidyut Bhavan, Kolkata	WBSEB	1999-2000	Completed in 2001-2002

1	2	3	4	5
6.	Installation of 2414 LT Switched Capacitors in AP, Haryana, Punjab and Tamil Nadu	REC	1999-2000	Completed in 2002-2003
7.	Remote Controlled Load Management Scheme in the distribution system of 132 KV Grid Sub-station at Hoshiarpur of PSEB	REC / PSEB	1999-2000	Completed in 2001-2002
8.	Remote Controlled Load Management Scheme in the distribution system of RSEB(now RRVPNL)	REC / RSEB (now known as RRVPNL)	1999-2000 (Rescheduled 2000-2001)	Completed in 2001-2002
9.	Remote Controlled Load Management Scheme in the distribution system of HSEB (now HVPNL)	REC / HSEB (now known as HVPNL)	1999-2000	Completed in 2001-2002
10.	Energy Study on Small and Medium Scale Industries of Kerala	Energy Conservation Society (ECS), Kerala	1999-2000 (Revised schedule 2002-2003)	Completed in 2002-2003
11.	Project for developing a complete package for energy conservation in Small Scale Industries in Karnataka	Technical Consultancy Services of Karnataka (TECSOK), Bangalore	2000-2001	Completed in 2001-2002
12.	Energy Conservation-cum-System Improvement Project	REC / Sirsilla Coop. Society, A.P.	2001-2002	Short Closed* (in 2002-2003)
13.	Infrastructural facilities for energy efficiency testing laboratory	Consumer Education Research Centre (CERC), Ahmedabad.	2001-2002	Completed in 2001-2002
14.	Application of the Clean Development Mechanism for power sector in India	Tata Energy Research Institute (TERI), Delhi.	2001-2002	Under Implementation

*From the experience of Distt. Medak of Andhra Pradesh, REC considered that the installation of LT Capacitors did not show encouraging results.

2.28 Enquired about the details on the various projects/schemes implemented by the Bureau of Energy Efficiency, the Ministry of Power informed the Committee as under :

1. National Energy Conservation Award Scheme

As one of the voluntary initiative, Bureau of Energy Efficiency executes the "National Energy Conservation Awards" scheme to motivate and recognise the industrial units who have taken extra efforts to reduce energy intensities while maintaining the production levels. The scheme is aimed to create an environment that would spur industries in achieving excellence in efficient use of energy and its conservation. 17 sub-sectors of the industries are participating in the above scheme. In the Award scheme for the last three years, the participating industrial units together annually saved Rs. 587 crore, Rs. 594 crore and Rs. 539 crore per year during the year 2000-01, 2001-02 and 2002-03 respectively. Electricity savings achieve during these three years alone resulted in saving in avoided capacity equivalent to 315 MW. During the last 5 years of Award Scheme (1999-2003), the participating industrial units have together saved Rs. 2,291 crore against an investment Rs. 3,991 crore. The savings in equivalent avoided capacity due to electricity saving alone was recorded at 460 MW. The summary of energy saving achieved by industrial units during the Award Scheme 1999-2003 is as hereunder :

Year	Savings in Rs. crore	Investment in Rs. Crore	Electrical Energy Savings		Furnace Oil Savings in Lakhs KL	Coal Savings in Lakhs Metric tonnes	Gas Savings in Lakh Cubic Metres
			Million kWh	Equivalent Avoided Capacity in MW			
2003	539	1071	542	103	2.21	12.65	73181
2002	594	691	641	122	1.7	7.4	35588
2001	587	659	485	90	2.21	4.79	3929
2000	366	630	524	100	1.327	0.64	707
1999	205	940	205	45	1.62	2.15	2444
Total 5 years	2291	3991	2397	460	9.0657	27.63	115849

2. PROGRESS/ACHIEVEMENTS MADE IN THE IMPLEMENTATION OF THE ENERGY CONSERVATION ACT, 2001 AND ACTION PLAN OF BEE

Majority of the project/scheme implemented by the Bureau during its last two years of its establishments have been mainly on the setting up of the institutional mechanism in order to facilitate the various mandatory and voluntary provisions of the EC Act. The major provisions of the EC Act, 2001 relate to the following areas and the progress achieved in each area is given below:

(a) Designated Consumers

(i) The designated consumers have to appoint or designate certified energy managers. For this purpose a national level Certification Examination has been conducted on 22-23rd May, 2004 in 23 centers spread all over the country. In total 2840 candidates registered for the Certification examination and about 82% appeared in the examination. The programme is self sustaining and Bureau has generated the revenue of Rs. 347 lakhs. A very high rating of 91% (excellent and very good) was given by the candidates for the overall process of certification, quality of course material, examination administration and its overall usefulness in improving energy efficiency in the industrial and commercial sectors.

(ii) The designated consumers have to get the energy audit conducted by accredited energy auditors. 62 energy auditing agencies have been short-listed after detailed evaluation of their institutional and energy auditing capabilities.

(iii) To standardize the process of conduct of energy audit, energy performance assessment codes for 7 technologies/equipments have been prepared.

(iv) Specific energy consumption norms are to be met by the designated consumers. As a pilot project, cement and pulp & paper sectors have been selected for establishment of the norms, which are to be ready by March 2005.

(v) To support designated consumers on information exchange on best practices and undertaking of voluntary energy saving targets, an Indian Industry Programme for energy Conservation (IIPEC) has been launched. Eight sectoral Task

forces for cement, pulp & paper, textile, fertilizer, chlor-alkali, aluminium, petro-chemical and refinery sectors have been formed. Voluntary target of energy saving worth Rs. 400 crore have been committed by participating industries of the above voluntary programme. Bureau has initiated the process of collection of feed back on the achieved savings by the Task Force members.

(vi) Two interactive Websites (www.bee-india.com&www.energymanagertraining.com) to support industry on energy conservation initiatives, have been made operational.

(b) Standards & Labeling Programme

(i) Technical parameters for energy labelling have been developed for 5 products—Agricultural pump sets, Motors, Fluorescent tube lights, Distribution transformers, Household Refrigerator and Air conditioners have been taken up for labeling.

(ii) Refrigerator testing-training imparted to engineers from manufacturers and individual test laboratories.

(iii) Proficiency testing to insure accuracy of testing between labs conducted for refrigerator test labs.

(iv) Consumer and market research for energy labels completed.

(c) Energy Efficiency in Buildings

(i) Energy audit studies completed in 9 government buildings in Delhi, including Rashtrapati Bhawan, Prime Minister's Office and Defence Ministry blocks in South Block, Rail Bhawan, Sanchar Bhawan, Shram Shakti Bhawan, & Transport Bhawan, R&R Hospital, Terminal I, Terminal II and Cargo Sections of Delhi Airport, and AIIMS.

(ii) Savings potential between 23 to 46% identified in the above buildings.

(iii) Implementation of energy audit studies to be done through energy service companies (ESCO).

(iv) CPWD has invited tenders for implementation of recommendations of energy audit studies in Rashtrapati Bhawan, Prime Minister's Office, Shram Shakti Bhawan, Transport Bhawan and is in the process of awarding the

contract. Rail Bhawan invited tenders and expected to award contract by August/September, 2004. The building authorities for Airport Authority of India, Sanchar Bhawan and AIIMS are in the process of issuing notice for inviting tenders. Results of pilot project—summary of energy savings (as identified in the Energy Audit Studies) is as given below :

Results of Pilot Project—Summary of Energy Savings (as identified in the Energy Audit Studies)

Building Particulars	Annual Energy Consumption (Lakh kWh)	Annual Energy Saving Potential (Lakh kWh)	%Energy Savings	Annual Energy Savings Potential (Lakh Rs.)	Investment (Lakh Rs.)	Payback Period (Years)
PMO	8.25	2.7	32	16.9	50.5	3
Rashtrapati Bhawan	34.1	7.8	23	49.9	51.2	1.0
Sanchar Bhawan	25.6	11.9	46	76	147.1	1.9
Shram Shakti and Transport Bhawan	20.4	8.0	39	42.9	157.5	3.7
Rail Bhawan	23.5	6.0	25	40.0	163.0	4.2
AIIMS	369.2	93.1*	29	712.0	1070.0	1.5

*Savings for AIIMS have been worked out on the basis of demand side efficiency improvements only. Far more savings can be achieved by adopting the principle of Tri-generation by integrating power, cooling and heating load. The potential would be determined by undertaking a separate study.

2.29 The Ministry of Power have informed the Committee that BEE has taken following steps, so far to impress upon financial institutions, bank and other lending institutions to grant loan for new activities for Energy Conservation :

(a) BEE has worked out a payment and security mechanism in 2003-04 which would help financial institutions for lending Energy Service Companies (ESCOs) for implementation of energy efficiency projects in Government buildings.

(b) Multilateral/bilateral funding for BEE initiative in:

(i) Capacity building of financial institutions for mitigating risk in lending loans for energy efficiency projects. In this connection a consultative workshop was organised on 20th May, 2003 at New Delhi in association with ADB, which was attended by SBI, ICICI, City Bank, PFC and ESCOs.

(ii) Preparing detailed project reports on energy conservation projects for disbursement of loans on informed decisions by financial institutions (under ADB and USAID supported project).

2.30 To a query about the implementation of the Committee's recommendations (Ninth Report—13th Lok Sabha para 3.13, Standing Committee on Energy on Energy Conservation Bill), suggesting to review the Energy Conservation equipments to be eligible for 100% depreciation, the Ministry of Power replied as under:

"The Bureau is presently in the process of establishing institutional mechanism to facilitate the implementation of the Energy Conservation Act. The above activity of reviewing the energy conservation equipment for 100% depreciation and other schemes for fiscal incentives to encourage faster penetration of energy efficient technologies are proposed to be taken up in the current financial year".

2.31 To promote energy service companies concept, innovative financing for energy efficiency development, promotion and development of testing facilities, standardization of norms, updating of guidelines for building codes and development of audit companies during the last three years, the Ministry of Power have informed the Committee of the various steps undertaken by the Government which are as follows:

"BEE had taken the following important steps for promotion of Energy Service Company concept.

1. Facilitated conduct of investment grade energy audit in 9 central government buildings in 2002-03.

2. Model documents (performance contact, bid evaluation, request for proposal & payment security mechanism) developed and vetted for facilitation of project implementation through ESCO model in 2003-04.

3. Core group training was imparted for personnel from Airports, CPWD Ministries of Health, Rail, Defence and communication for implementation of energy efficiency through performance contracting route in 2004-05.

4. The Energy Service Companies would provide innovative financing for energy efficiency development through payment generated from energy savings (2004-05).

5. Under the BEE's Standards & Labelling programme, upgradation/establishment of testing facilities have been identified for promotion and development of testing facilities (2003-04).

6. Refrigerator testing-training imparted to engineers from manufacturers and individual test laboratories (2004-05).

7. Under the Energy Conservation Act, 2001, the designated consumers are required to meet the specific energy consumption norms. Since the activity is a long term process and requires systematic collection of data and its analysis, to begin with the Bureau has initiated the process establishment of specific energy consumption norms for the two sectors namely, pulp & paper and cement. The activity begin in November 2003, where initial discussions were held with industry associations and sector specific research organisations on the establishment of procedures for design of format and collection of data which eventually lead to mutually agreed standards and norms. The data collection phase begin in March 2004 and the activity to be completed by March 2005. Sector specific research organisations such as Central Pulp & Paper Research Institute and national Council for Cement and Building Material, as well as sector specific industry associations have also been involved in the fixation of norms. Based on the outcome and experience gained from this pilot initiative, the activity may be extended for other designated consumers.

8. Guidelines for energy conservation building codes with reference to National Buildings Codes of BIS is under development (2004-05).

2.32 Further, BEE has initiated action for accreditation of energy auditors in October 2003. Two high level accreditation committees were constituted by the Executive Committee of the Bureau having

representation from industry associations, academic institutions and experts. The Accreditation Committees scrutinized the applications of 104 energy auditing agencies on the basis of approved evaluation and weightage criteria on institutional and energy auditing capabilities. Further energy auditing agencies were also invited for interaction with the committees. In total names of 62 energy auditing agencies were recommended by the Committees in May 2004 which have been subsequently approved by the Executive Committee of Bureau in July 2004.

2.33 To strengthen the energy auditing capabilities of energy auditors and energy managers, the Committee have been informed that Bureau has conducted a National Level Certification Examination on 22-23rd May 2004. The following four course books to prepare candidates for the examination were also prepared:

(i) General aspects of energy management

(ii) Energy efficiency in thermal utilities

(iii) Energy efficiency in electrical utilities

(iv) Energy performance assessment for equipment and utility systems.

These course books are designed in such a way that they become single point reference for all the activities related with energy management and energy auditing of practicing engineers and energy auditors.

2.34 The Committee observe that the Bureau of Energy Efficiency (BEE) is presently in the initial phase of establishing the institutional, promotional and regulatory arrangements and the corresponding expenditure incurred is reportedly being met from the interest earned on the corpus fund of Rs. 50.00 crore which is placed with NTPC in long-term (20 years) Secured Non-Convertible, Non-Cumulative Redeemable Taxable NTPC Bonds of Rs. 10.00 lakh each (Series SVII) at an interest rate of (8.75%) per annum, payable on quarterly basis and annually BEE is earning about Rs. 4 to 4.5 crore from the investment so made. Taking note of various energy conservation/ efficiency activities undertaken by BEE, the Committee feel that the amount of Rs. 4 to 4.5 crore is too meagre for the BEE to execute and supervise all its proposed activities. The Committee, therefore, recommend that the Government should provide adequate budgetary support as well as take elaborate steps to ensure that agencies

carrying out energy conservation activities should get enough and timely financial assistance through the Power Finance Corporation or other financial institutions. At the same time, the Committee expect that the payment and security mechanism worked out by BEE for Energy Service Companies for their investment in energy conservation activities with designated consumers would be rational. The Committee would like to know the present status of different energy efficiencies schemes which have not been taken up due to fund constraints and desire that the Government should ensure that no energy conservation scheme be held-up due to lack of funds. The Committee would like to know the action taken by the Government in this regard.

2.35 The Committee note that various projects/schemes such as National Energy Conservation Award Scheme, execution of the Energy Conservation Act, 2001 and the Bureau of Energy Efficiency's Action Plan include Indian Industry Programme for energy conservation, demand side management, standard labelling programme, energy efficiency in buildings, development of energy performance code, research programme, school education, etc. The Committee further observe that BEE has already taken various steps such as energy audit in Central Government buildings, testing facilities for standard and labelling guidelines for building codes, pilot project for school education, etc. Although, the Committee appreciate the various steps taken by BEE for various energy conservation activities resulting in a total saving of Rs. 2291.00 crore for the period 1999 to 2003 in 17 sub-sectors of industries, resulting in savings of avoided capacity generation (460 MW) against the investment on energy conservation devices to the tune of Rs. 3991.00 crore made in these industries. The Committee note that the Government have not furnished the recurring benefits of the investments made in various industries as the proportion of investments did not indicate the desired monetary gains by the industry. In this context, the Committee would like to be apprised of the recurring benefits which should accrue to the industries on account of one time investments on energy conservation devices.

2.36 The Committee feel that conservation and efficient use of energy should be treated as one of the major thrust areas to bridge the gap between the demand and supply of power. Although, measures to promote conservation of energy have been taken, the Committee are unhappy to note that energy audit in distribution

systems in Kerala, West Bengal which were targeted to be completed in 1999-2000 by the Rural Electrification Corporation (REC) were delayed and completed only in 2000-01. The Committee are further dismayed to note that 3000 Amorphous Core Transformers which were to be introduced in the States of Andhra Pradesh, Punjab, Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh and Rajasthan by REC by 1999-2000, were delayed and the scheme was completed in 2003-04. The Committee observe similar fate of other schemes implemented by agencies like the Punjab State Electricity Board, HVPNL, TERI, etc. The Committee also observe that only one energy conservation activity each in the year 2002-03 and 2003-04 was completed by agencies other than BEE. The Committee are constrained to note that although the Government on the one hand are claiming high that a large number of schemes/activities have been initiated to promote the energy efficiency and savings have accrued, it seems that the Government have failed to enthuse conservation and energy efficiency agencies for undertaking such schemes. The Committee, therefore, reiterate their earlier recommendation that there is a greater need to bring about public awareness regarding energy efficiency measures of the Government and the Government should set the targets to be achieved for energy savings during a particular year. The Committee desire that short-term as well as long-term action plans be formulated and the Committee be apprised of the action taken by the Government in this regard.

2.37 The Committee are unhappy to know that the Bureau of Energy Efficiency (BEE) is still in the process of establishing institutional mechanism to facilitate the implementation of the Energy Conservation Act and therefore the activity of reviewing the energy conservation equipment for 100% depreciation and other schemes are being proposed to be taken up in the current financial year. The Committee, therefore, recommend that the Government should take immediate action for fiscal incentives to encourage faster penetration of energy efficient technologies. The Committee stress that all these issues be decided immediately and the Committee should be apprised of the action taken in this regard within 3 months. The Committee also feel that there is need for wider publicity to the various provisions of the Energy Conservation Act which are likely to have a direct bearing on ordinary consumers so that they are not caught unaware when the Act is enforced.

D. Renovation & Modernisation (R&M)

Thermal Power Stations

2.38 Renovation & Modernisation (R&M) and Life Extension (LE) of the existing old power stations has been recognised as one of the most cost effective options to achieve additional generation by virtue of the short gestation period and low cost. In addition to generation improvement, other benefits such as life extension, improvement in efficiency, availability, safety and environmental conditions are also achieved through R&M and LE Programme. Keeping this in view, the Government of India launched a Centrally sponsored scheme for R&M of 34 nos. of Thermal power stations in the country under Phase-I programme. Government of India sanctioned a Central Loan Assistance (CLA) of Rs. 500 crore. The programme was completed in the year 1992 and an additional generation of about 10,000 MU/annum was achieved against a target of 7000 MU/annum.

2.39 The Committee have been informed that encouraged with the benefits achieved from the Phase-I programme during the 7th Plan, the Phase-II programme for R&M of 44 nos. of thermal power stations was taken up in the year 1990-91 for the 8th Plan at an estimated cost of Rs. 2383 crore. Power Finance Corporation (PFC) was assigned to provide loan assistance to the State Electricity Boards for R&M works. All the schemes were identified by the Roving teams comprising of engineers from CEA, BHEL and utilities. According to the Ministry of Power, this programme could not progress as per schedule mainly due to non availability of timely loan assistance and the weak financial conditions of the SEBs/Utilities. By the end of 8th Plan i.e. upto March 1997, about 50% of the works could be completed on all India basis and an expenditure of Rs. 862 crore was incurred. After partial completion of the works, an additional generation of 500 MU/year has been achieved. Also, the Life Extension works on 4 units (300 MW) of Neyveli Thermal Power Station were completed.

R&M Programme during 9th Plan

2.40 Some of the pending R&M works of the 8th Plan and the additional works subsequently identified were covered under 9th Plan Programme. The R&M works on 127 units are reported to be at various stages of implementation and the benefits are said to be evaluated/quantified only after the completion of the schemes.

2.41 As regard to life extension scheme, the Committee have been informed that the economic designed life of the thermal power units is considered to be 25 years. 25 Nos. of thermal units which had already completed their designed life of 25 years were also taken up for life extension works based on RLA studies during the 9th Plan. The LE works on 19 units were completed by the end of 9th Plan. works on 4 units which were started in 9th Plan has been completed till date during 10th Plan and the works on remaining 2 units are under progress.

The salient features of the programme are reported to be as under:

	Particulars	R&M	LEP
(i)	Number of thermal power stations covered	29	7
(ii)	Number of thermal units	127	25
(iii)	Estimated Cost	Rs. 906 Crore	Rs. 1700 Crore
(iv)	Total capacity involve	17305 MW	1685 MW
(v)	Expected capacity after LEP	—	1741 MW
(vi)	Average PLF of the units before R&M/LEP programme	60.5%	48%
(vii)	PLF anticipated after completion	64.0%	75%
(viii)	Anticipated additional generation/annum	5100 MU	4700 MU
(ix)	Total expenditure up to 2001-02	Rs. 772 Crore	Rs. 1151 Crore
(x)	Total expenditure incurred during 2002-03	Rs. 46 Crore	Rs. 110 Crore
(xi)	Total No. of R&M activities completed during the year 2002-03 (Out of total 636 activities)	95 Nos.	—
(xii)	LEP works completed during 2002-03	—	250 MW (4 units)

D. R&M Programme during 10th Plan

2.42 According to Ministry of Power during the 10th Plan, (2002-03 to 2006-07) 92 thermal units would require major refurbishment works based on RLA studies to increase their economic life for another 15 to 20 years. During the year 2002-03, the Life extension of Kothagudem unit-6 (105 MW) has been completed and works on

remaining other units are at various stages of implementation. The works of RLA studies on 48 units has already been completed. Based on these studies, the action of Life Extension works are being carried out. It is expected the works of Life Extension of 6 units will be completed during 2003-04. In addition, another 60 units will need R&M works to improve/sustain their performance. The works of R&M of 25 units have already been stared during 2002-03. 162 activities have been completed during 2002-03 and 128 activities are likely to be completed during 2003-04 against total no. of 519 activities (targeted to be completed during 10th Plan period) identified for these 25 units.

2.43 Anticipated benefits and funds requirement for R&M works during the 10th Plan are as under:

	LEP	R&M
No. of Units	92	60
Present rated capacity	9036 MW	13900 MW
Capacity available after LEP	9340 MW	—
Anticipated increase in generation/annum	21000 MU	3000 MU
Benefits in terms of equivalent additional capacity at 75% PLF	300MW	460 MW
Benefits in terms of Life Extension by 15-20 years of capacity	9340 MW	—
Estimated funds requirements	Rs. 8700 Crore	Rs. 1100 Crore
Expenditure incurred during 2002-03	33 Crore	30 Crore

National Perspective Plan

2.44 National Perspective Plan was formulated in the year 2000 including R&M proposals under Phase-II along-with the left out schemes of National Committee (Phase-I) under implementation/yet to be implemented. This Plan indicated the benefits of about 7755 MW during the IXth, Xth and XIth Plan through R&M of existing 117 schemes with an aggregate capacity of 19370 MW at an estimated cost of Rs. 4654 crore.

2.45 Asked about the present action plan to carry out R&M/life extension of identified 170 thermal power plants and 35 hydel units, the Committee have been informed by the Ministry of Power in a

written note as under:

(a) Thermal Power Stations

The CEA, in consultation with the utilities have identified 106 thermal units of SEBs/State Generation Corporations for life extension during the 10th Plan so as to extend their economical life by another 15-20 years and to recapture/uprate their capacities by implementing comprehensive R&M Schemes. In addition, another 57 units (14270 MW) which are comparatively new will also need some R&M works to sustain/improve their performance. The details of targets for R&M Programme/Life Extension Programme (LEP) for thermal power stations and the other salient features of the programme during 10th Plan are given as under:

Life Extension Programme

	Particulars	LEP
(i)	Number of thermal power stations	32
(ii)	Number of thermal units	106
(iii)	Estimated Cost	Rs. 9200 crore
(iv)	Total capacity involved	10413 MW
(v)	Average PLF before R&M/LE Programme	49%
(vi)	Anticipated average PLF after completion	75%
(vii)	Anticipated additional generation/annum	23700 MU (Equivalent to 3600 MW)
(viii)	Capacity expected after completion of works	10747 MW

R&M Programme

	Particulars	R&M
i.	Number of thermal power stations	13
ii.	Number of thermal units	57
iii.	Estimated Cost	Rs. 978 crore
iv.	Total capacity involved	14270 MW

2.46 According to Ministry of Power adequate funds are available for Life Extension and R&M of Thermal Power Stations under Accelerated Generation & Supply Programme (AG&SP) as loan assistance at concessional rates of interest through Power Finance Corporation under Ministry of Power.

In the 10th Plan only projects for improvement of sub-transmission and distribution are being funded under the APDRP Programme.

2.47 As regard to the benefits likely to be accrued as a result there of in term of Megawatt energy generated, the Ministry of Power informed that from thermal power plants the benefits would be about 3600 MW which are equivalent to 23700 MU/annum. The likely benefits in terms of MW & MU from the Hydro Power schemes would be about 3253.55 MW and 10117.70 MW respectively.

3. Hydro Power Stations

2.48 36 hydro R&M schemes (23 under Phase-I and 13 under Phase-II) were targeted for implementation/completion during the IXth Plan. Out of there 36 schemes, 20 hydro schemes (16 under Phase-I and 4 under Phase-II) have been completed during the IXth Plan to accrue a power benefit of 1338.03 MW at an expenditure of Rs. 567.5712 crore.

2.49 The 10th & 11th Plan hydro R&M schemes identified by CEA under National Perspective Plan and not completed till the beginning of the 10th Plan were reviewed in totality in consultation with the utilities firstly during April, 2002 and subsequently in May, 2003. Hence, as per the reviewed Xth Plan programme, a total of 74 hydro RM&U schemes (11 nos. under Central sector and 63 nos. under State Sector) having a total installed capacity of 8082.45 MW to accrue a benefit of 2446.87 MW at an estimated cost of Rs. 2712.237 crore have been targeted for completion during the 10th Plan period. Further 31 hydro RM&U schemes involving 2 schemes under Central Sector and 29 schemes under State Sector having a total installed capacity of 4681.60 MW to accrue a benefit of 4415.10 MW at an estimated cost of Rs. 2168.61 crore have been programmed for completion during the 11th Plan.

2.50 The Committee find that out of the 74 schemes programmed for implementation/completion during the Xth Plan period, the following 9 hydro R&M schemes of State Sector have been completed during the year 2002-03 to accrue a benefit of 349 MW having an installed capacity of 678.80 MW at a cost of Rs. 429.94 crore.

S.No.	Name of the Scheme
1.	Nagjhari U-1&3 (2x135 MW), KPCL
2.	Supa (2x50 MW), KPCL
3.	Mani Dam (2x4.5 MW), KPCL
4.	Mahatma Gandhi (4x12+4x18 MW), VVNL
5.	Munirabad (2x9+1x10.3 MW), VVNL
6.	Pallivasal (3x5+3x7.5 MW), KSEB
7.	Sengulum (4x12 MW), KSEB
8.	Panniar (2x15 MW), KSEB
9.	Umium St. I (4x9 MW), MeSEB

2.51 As regard to the progress for the year 2003-04 of X Plan the Committee note that the following 11 schemes (3 in Central Sector and 8 in State Sector) have been programmed for completion during the year 2003 of the Xth Plan to accrue a benefit of 170.35 MW having an installed capacity of 2737.95 MW at an estimated cost of Rs. 199.865 crore.

Sl.No.	Name of the scheme
1.	Shanan* Phase-A (4x15+1x50 MW), PSEB
2.	Pong (6x60 MW), BBMB
3.	Bhadra (1x2 MW), KPCL
4.	Sharavathy, Phase-A (10x103.5 MW), KPCL
5.	Shivasamudram (6x3+4x6 MW), VVNL
6.	Pyakara (3x6.65+1x11+2x14 MW), TNEB
7.	Maithon (1x20 MW), DVC
8.	Bhira Tail Race (2x40 MW), MSEB
9.	Koyana Complex (4x70+4x80+4x80 MW), MSEB
10.	Tillari (1x60 MW), MSEB
11.	Khandong* (2x25 MW), NEEPCO

*Since completed.

2.52 The R&M works on 2 of the above schemes with an installed capacity of 160 MW have already been completed at an expenditure of Rs. 15.35 crore. The R&M works of the remaining 9 schemes are progressing satisfactorily. It has been stated in the Performance Budget 2004-05 of the Ministry of Power that the balance works for 8 of these schemes are likely to be completed during the remaining period of year 2003-04. The works of the Bhadra scheme (sl. No. 3 above) are reported for completion by April, 2004. KPCL have, however, been advised to make concerted efforts for completion of this scheme by end of March, 2004 as programmed.

2.53 For the year 2004-05 of X Plan, 13 Schemes have been programmed for implementation/complementation during the year to accrue a benefit of 265.63 MW having an installed capacity of 827.90 MW at an estimated cost of Rs. 478.782 crore.

2.54 The Committee observe that the demand for electric power continues to grow at a rapid rate outstripping the availability for the same. In the prevailing scenario of shortage of adequate resources to build up new capacity on one hand and stringent environmental requirements on the other, Renovation and Modernisation (R&M) and Life Extension (LE) of power plants have been recognized as a well-proven cost effective techniques the world over for improving the performance/efficiency of older power plants and thereby adding additional generation of power at a much lesser cost. The Committee are of the opinion that plants performance can be increased by R&M and the power plants yield benefits in shorter span with infusion of renewable funds. However, the Committee are constrained to note the slow pace of completion of R&M activities as out of a total of 636 activities identified for R&M work in thermal power units, only 95 were completed during 2002-2003. The Committee observe that against 92 thermal units that are targeted for major refurbishment during 10th Plan (2002-2003 to 2006-07), RLA studies on 48 units only have reported to be completed so far. The Committee are further distressed to note that out of 60 units which will need R&M works to improve/sustain the performance, work on 25 units has been started during the first two years of 10th Plan. With only 13 schemes programmed for completion during 2004-2005, out of a total of 74 hydro schemes, only 33 are likely to be implemented/completed during the first three years of the 10th Plan. Although, the Ministry of Power have informed the Committee that adequate funds are available for life extension and R&M of thermal power station under AG&SP at concessional rates, the Committee observe that against

the estimated fund requirements of Rs. 8700 crore and Rs. 1100 crore for Life Extension Programme (LEP) and Renovation and Modernisation (R&M) works; the expenditure incurred during 2002-2003 were only Rs. 33 crore and Rs. 30 crore respectively. Observing the low infusion of funds against the total fund requirements for the R&M projects, the Committee have come to the conclusion that there is not enough interest on the part of the Government in pursuing R&M work for power projects vigorously. Although, the Committee have been informed of the perspective plan that has been drawn for undertaking R&M works during the 10th Plan and beyond, unfortunately the infusion of desired funds and lack of pace of completion of R&M activities both for thermal & hydel plants indicate to the contrary. The Committee, therefore, recommend that R&M of all the identified potential units should be undertaken in a fixed timeframe and CEA should monitor the work. The Committee also recommend that private sector should also be involved in implementation of R&M schemes to ensure the speedily achievement of targets. The Committee also note that the Government have not given enough attention to the R&M of transmission lines and sub-stations, etc. set up by Powergrid. The Committee would like the Government to draw up a programme for R&M of these assets and inform the Committee within 3 months of the presentation of the Report.

E. Accelerated Power Development and Reforms Programme

2.55 Government of India have approved a scheme called "Accelerated Power Development and Reforms Programme (APDRP)" in March 2003 to accelerate distribution sector reforms. The main objectives of the programme are as under:

1. Reduce AT&C losses to 15%.
2. Bring about commercial viability in the power sector.
3. Reduce outage & interruptions.
4. Increase consumer satisfaction.

2.56 The scheme has two components which are as below:

Investment component-Government of India provides Additional Central Assistance for strengthening and up-gradation of sub-transmission and distribution network. Additional Central Assistance covers 50% of the project cost in the ratio of grant and loan as 1:1.

SEBs and Utilities have to arrange remaining 50% of the fund from Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) or other financial institutions or from their own resources as counter-part fund. For Special category states 100% of the project cost is provided as Additional Central Assistance in the ratio of 90% grant and 10% loan. (States of north-eastern region, Jammu & Kashmir, Himachal Pradesh, Uttaranchal and Sikkim are covered under special category).

2.57 APDRP is an instrument to leverage distribution reforms in the States. The priority, therefore, is to be given to projects from those States who have committed themselves to a time-bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA) and are progressing on those commitments. So far 410 projects have been started in 29 States amounting to Rs. 16610.19 crore during the year 2002-03 and 2003-04 with APDRP component of Rs. 9267.48 crore. Government of India have released Rs. 4112.02 crore for implementation of these projects. The States have utilized Rs. 3453.96 crore.

2.58. Under investment component of APDRP, Rs. 2356.20 crore have been released and Rs. 2269.39 crore utilized during 2003-04 against Rs. 1555.50 crore and Rs. 568.80 crore respectively during the previous year. Under incentive component, Rs. 503.29 crore have been released against Rs. 379.28 crore during previous year.

Incentive component—An incentive equivalent to 50% of the actual cash loss reduction by SEBs/Utilities, is provided as grant. The year 2000-01 is the base year for the calculation of loss reduction, in subsequent years. The cash losses are calculated net of subsidy and receivables.

2.59 The details of the cash loss reduction and incentives released to various States under APDRP are as below:—

(Rs. in crore)

Sl.No.	State	Year	Cash loss reduction	Incentive released
1	2	3	4	5
1.	Gujarat	2001-02	472.74	236.37
		2002-03	501.10	—

1	2	3	4	5
2.	Maharashtra	2001-02	579.74	137.89
3.	Haryana	2001-02	210.98	105.49
4.	Rajasthan	2001-02	275.42	137.71
5.	Andhra Pradesh	2002-03	530.22	265.11
6.	West Bengal	2002-03	125.90	—
7.	Goa	2002-03	17.92	—
8.	Madhya Pradesh	2001-02	77.14	—
	Total		2791.16	882.57

2.60 The budget outlay for 2002-03 and 2003-04 was Rs. 3500 crore each. The disbursement for 2002-03 was Rs. 2029.27 crore and for 2003-04 was Rs. 2859.81 crore including both investment and incentive components. Schemes undertaken under APDRP include renovation and modernisation of sub-stations, transmission lines & distribution transformers, augmentation of feeders & transformers, feeder and consumer meters, High Voltage Distribution System (HVDS), consumer indexing, SCADA, computerised billing etc. Consumer indexing has been started in the States of Andhra Pradesh, Delhi, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan & Uttar Pradesh. HVDS has been introduced for reduction in pilferage of electricity in CPDCL (Andhra Pradesh), NDPL (Delhi), West Bengal, Noida (Uttar Pradesh) etc. GIS mapping of distribution network has been introduced in Hyderabad & Vadodara.

2.61 The Committee observe that as per the MoA signed by the States, 16 States have opened separate APDRP accounts. Distribution Reforms Committee have been constituted by the States for review and monitoring of progress on reforms and implementation of APDRP schemes. The States have identified feeder managers to increase accountability. This is helping the utilities in reduction of AT&C losses. Computerised billing and consumer complaint centres have been started in selected towns of Andhra Pradesh, Delhi, Gujarat, Karnataka, Maharashtra, Madhya Pradesh and Uttar Pradesh. States of Gujarat & Karnataka have started handing over parts of distribution system on management contract to franchises. Jharkhand has also invited expression of interest for handing over distribution in Ranchi to franchises. Experience of these States will go a long way in deciding future course of action by other States in this direction.

2.62 Enquired about timely release of funds by the Ministry of Finance for APDRP, the Committee have been apprised in a written note as under:—

"The project proposals are prepared by state utilities in form of Detailed Project Reports (DPRs.), reviewed by Adviser cum Consultants (ACCs) and then considered and sanctioned by the APDRP Monitoring/Steering Committee. Thereafter, Ministry of Power recommends to Ministry of Finance for release of APDRP funds. The funds are released in following manner:

(a) 25% of the APDRP amount after sanction of project.

(b) 50% of the APDRP amount is released after twice the amount released is utilized.

(c) 25% of the APDRP amount is released after utilization of 75% of the project cost.

(d) Financial institutions release pro-rata counter part funds to match the above releases by Government of India.

In case of special category States, the funds are released in two installments of 50% each. Second installment is released only after full utilization of first installment".

2.63 On streamlining the process for releasing funds under APDRP scheme, the Secretary, Ministry of Power during evidence of 12th August, 2004 has stated that in a particular case in Maharashtra, the agency implementing APDRP scheme was not paid Rs. 90.00 crore by the State Government for almost 8 or 9 months and as a result the work could not started. It is only after the intervention of the Ministry of Power, the funds were released to the executing agency.

2.64 To address the concerns of the consumers regarding escalated electricity bills, the Secretary, Ministry of Power stated during evidence as under:—

"There are two or three mechanisms that have been put in place. In the case of delays, there are some delays in putting these provisions in place. one is Ombudsman and the other is Grievance Redressal Forum. They have been put in place. I had some interaction with the Delhi Electricity Regulatory Commission. They have warned these companies and that these companies have to be alert on this and redressal of grievances because Ombudsman have been now established.

2.65 The witness further added,

"With this Grievance Redressal Forum and Ombudsman, within three months, we will evaluate and we will collect data."

2.66 The Committee observe that the Government of India have approved APDRP scheme as an intervention strategy with a focus on distribution reforms with an objective to reduce AT&C losses, bring about commercial viability in the power sector, reduce outages & interruptions, and increase consumer satisfaction. The outlay of Rs. 40,00 crore as additional Central Plan assistance to State Governments during 10th Five Year Plan are expected. The Government have informed the Committee that for availing APDRP funds, the States have to sign MoU with Ministry of Power which covers establishment of SERC, restructuring of SEB etc. The States also have to sign tripartite agreement in respect of dues of CPSUs and SEB utility, sign the MoA with Ministry of Power which covers 100% consumer metering, energy accounting, gap reduction between cost of supply & revenue realization, reduction of T&D losses, and reduction of financial losses etc. by way of committed benchmark parameters. The Committee are, however, dismayed to note that although all States have signed MoU, MoA, Tripartite Agreements and 21 States have constituted SERCs and 17 SERCs have issued tariff orders, only 10 States have unbounded/corporatized their SEBs and two States viz. Delhi & Orissa have privatized their SEBs so far. Further, 100% feeder metering have been completed in 16 States only and two States have reported to achieve more than 90% metering. The Committee are constrained to note that 100% consumer metering which should have been done on priority basis is reported to be completed only in 3 States so far. The Committee desire that the Government should take elaborate steps to speed up these schemes.

2.67 The Committee have also taken serious note of the fact that in cities where distribution of electricity has been privatised there has been a sudden rise in complaints from consumers regarding sharp increase in their electricity bills. The Committee feel that this issue should be enquired in detail and the Committee should be apprised of the action taken for quick redressal of consumers' grievances. At the same time, the Committee strongly recommend the Government to ensure that Grievance Redressal Forum and Ombudsman should be set up in all the States within three months.

2.68 The Committee further observe that APDRP has two components. The investment component is meant for projects to strengthen and upgrade ST&D network and these are sanctioned for reduction in losses & outages and better reliability & increased customer satisfaction. Under this scheme, Government of India provides additional Central assistance of 50% of the project cost in the ratio of grant and loan as 1:1. Utilities have to arrange remaining 50% from financial institutions. Special categories States are entitled for 100% assistance in the ratio of grant and loan as 9:1 (NE States, J&K, H.P., Uttaranchal and Sikkim). The Committee are constrained to note that although an investment target of Rs. 16610.19 crore has been laid, the funds released during 2002-03 and 2003-04 are Rs. 1755.51 crore and Rs. 2356.51 crore respectively. As regard to the incentive component of APDRP, the Committee observe that funds are provided to SEBs/Utilities for actual loss reduction by way of one for two matching grants. Although, the scheme started from the financial year 2000-01 as base year with a provision of Rs. 20,000 crore grant, the total Incentive amount released to the States of Andhra Pradesh, Gujarat, Haryana, Maharashtra and Rajasthan during 2002-03 and 2003-04 are Rs. 379.27 crore and Rs. 503.30 crore respectively. The Committee observe that the funds under APDRP are released based on financial progress of implementation of the projects sanctioned, as per scheme guidelines. Further funds are released to the State Government based on the utilization of funds both APDRP and counter part by the State Government. As and when States/Utilities fulfills the above conditions, the recommendations of release of funds are made to the Ministry of Finance for release of funds against sanctioned projects. The Secretary, Ministry of Power was candid enough to admit before the Committee that Government of Maharashtra was pursued by the Ministry of Power to invest the matching amount as the grants sanctioned under the scheme were not utilized even after expiry of 9 months. The Committee, therefore, recommend that the Government should take elaborate steps to ensure that matching funds are made available by the respective State Governments. The Committee expect the Ministry of Power to ensure that each State enthusiastically participate in the scheme so as to make APDRP scheme a success.

F. Rural Electrification Programme

2.69 Rural Electrification is identified as an essential infrastructural input for improving production oriented activities like minor irrigation, agro-based rural and semi-urban industries etc. for electing growth in agricultural productivity and rural industrial production and for speeding up the pace of development of the rural economy.

2.70 According to statistics compiled by the Central Electricity Authority, the status of villages electrification as on 31st March, 2004 is as follows:—

No. of Villages (according to 1991 census)	:	5,87,258
No. of Villages electrified	:	4,93,917
Percentage of electrified villages	:	84.1%
Balance villages to be electrified	:	92,849

Village Electrification

2.71 By 29th February, 2004 nearly 4.93 lakh villages out of total 5.87 lakh villages (1991 Census), in the country were electrified accounting for about 83.8% village electrification level. There has been a downward revision in the achievement of village electrification of the country as the cumulative achievement have been recast by UPPCL as per definition of village electrification notified by Government of India in October, 1997. As a result there has been a downward revision from the earlier figure of 77405 (which was based on old definition) to 54951. The electrification of villages have provided the needed base for energisation of 139.85 lakhs pumpsets thereby exploiting 71.4% of the total estimated pumpset potential of 195.94 lakhs (Revised) and also leading to setting up of large number of agro-based rural industries and lighting of rural households.

2.72 Although according to CEA, a balance of 92,849 feasible villages still remain to be electrified, Bihar (including Jharkhand) and U.P. have reported some villages which have to be rehabilitated. 10 States have achieved 100% electrification, *i.e.* Andhra Pradesh, Goa, Gujarat, Haryana, Kerala, Maharashtra, Nagaland, Punjab, Sikkim and Tamil Nadu. 6 States are about to complete village electrification *i.e.* Himachal Pradesh, J&K, Karnataka, Manipur, Mizoram & Tripura.

Pumpsets Energization

2.73. An Important component of rural electrification is the energization of the agricultural pumpsets. Over the years, demand for agricultural sectors has been rising steadily and today it constitutes

nearly 30% of the overall demand for power. The statistics relating to pumpsets energization as on 31.03.2004 as follows:—

Total Potential	19.594 million
Pumpsets energization as on 31.03.2004	14.002 million

The progress of electrification of villages and energisation of pumpsets as furnished by the States upto 29.02.2004 are given in the Annexures III & IV.

2.74. The Plan Outlay for different rural electrification programme during 2003-04 are as under:—

	Major Head	Budget 2003-04 Estimates			Revised 2003-04 Estimates			Budget 2004-05 Revised		
		Plan	N-Plan	Total	Plan	N-Plan	Total	Plan	N-Plan	Total
Interest Subsidy for Rural Electrification	2801	100.00	—	100.00	50.00	—	50.00	200.00	—	200.00
Rural Electrification Supply Technology Mission	2801	5.00	—	5.00	1.00	—	1.00	7.50	—	7.50
Survey of Rural Areas without Electricity	2801	—	—	—	—	—	—	10.00	—	10.00

Role of Rural Electrification Corporation (REC)

2.75 The main objectives of REC is to finance rural electrification schemes, promote and finance rural electric cooperatives, finance generation, transmission & distribution projects, promotion and development of all other energy sources. It has been enlarged to finance all types of Power Projects including generation, transmission & distribution project also. REC has 17 field offices spread all over the country. Till date, 62% of the villages electrified and 59% pumpsets energized in the country have been funded by REC. Cumulatively, Rs. 37,110 crore has been disbursed under REC financed schemes upto 31.3.2004.

2.76. Sanctions & disbursements of funds by REC since 1996-97 are as under:—

(Rs. in crore)

Year	Sanctions	Disbursements
1996-97	1137	810
1997-98	1214	1094
1998-99	2879	2203
1999-2000	4678	3051
2000-01	6308	4109
2001-02	6764	4722
2002-03	12125	6607
2003-04	15978	6017

Guidelines for Rural Electrification Programme for one lakh villages and one crore households.

2.77 The Government in the Budget for 2002-03, have announced the introduction of a new interest subsidy scheme called Accelerated Rural Electrification Programme (AREP). On being enquired about present status of the Accelerated Rural Electrification Programme, the Ministry of Power informed the Committee that after launching of new programme "Accelerated Electrification of one lakh villages and one crore households" in February, 2004, the guidelines for the implementation of this programme have been circulated to all the States. The details of guidelines are as below:—

> "Government has approved a new scheme for electrification of one lakh villages and one crore households. The scheme would be implemented through the Rural Electrification Corporation which may associate other financial institutions in the implementation of the programme. These guidelines will be aligned with the policies being formulated under section 4 and 5 of the Electricity Act, 2003 that would facilitate sustainable provision of electricity in rural areas."

(a) Village electrification with household Electrification

The scheme shall cover electrification of un-electrified villages as on 31st March, 2004 (according to the prevailing definition of absence

of use of electricity by even one person in the village habitation). In addition the scheme may also cover de-electrified villages on a case-by-case basis.

Electrification projects based on grid extension as well as stand-alone electrification projects based on distributed generation would be eligible for capital subsidies under the scheme.

The project cost that qualifies for the capital subsidy under the scheme would include the cost of the distribution network (poles, transformers, service connections up to the household premises and meters). Single point connection for BPL households would be provided free of cost and from the subsidy granted under the new definition of village electrification.

The project would have the universal obligation to provide electricity to all consumers on demand as per the tariff proposal agreed between the beneficiaries and the Rural Electricity Supply Provider. In any event, it is mandatory that at least 10% of the households in each village included in the project are electrified as provided under this scheme.

Panchyats, Cooperatives, NGOs, Users Associations, Franchisees, State/Regional Utilities or any other individual/entity desirous of becoming a Rural Electricity Provider would be eligible for the capital subsidy under the scheme. However, in order to avail of the subsidy under the scheme, the Rural Electricity Service providers must ensure on active support/participation of the beneficiaries through Panchayat Raj Institutions, consumer cooperatives/associations, NGPs etc. Where the SEB/State Utility becomes the Rural Electricity Service Provider under this scheme it would need to put in place satisfactory arrangements for decentralized management and revenue collection through Panchayats/Users Association/Cooperatives/NGOs/Frenchisees.

To be eligible for the capital subsidy, all projects would need to demonstrate revenue stream that results in sustainable operations with the given level of capital subsidy. In the event the revenue streams are based on continuing subsidies from State Governments, the same would need to be supported by satisfactory evidence of such continuing support.

The State Governments are required to make all projects receiving subsidy under the scheme compliant with sections 13 and 14 of the

Electricity Act, 2003 so as to enable the Rural Electricity Service Providers (other than existing State Utilities/Distribution Licensees) to act outside the purview of the State Electricity Regulatory Commissions for purposes of tariff determination (Section 61, 62 and 86 of the Electricity act, 2003).

All projects supported under the scheme would have tariffs that are acceptable to the end beneficiaries.

Projects under the scheme would be fully financed by designated local financial institutions and refinance would be provided by REC and other financial institutions involved in the implementation of the programme.

About forty percent of the capital cost could be given as a subsidy and this would be linked to sustained delivery of electricity to the targeted beneficiaries over the project life or 15 years, whichever is earlier. Subsidy would be admissible for both grid based electrification as well as stand alone projects based on distributed generation. It would, however, need to be ensured that the total subsidy for any state is forty percent of the total approved project costs for the State.

Where feasible bids may be sought for the capital subsidy required for Rural Electricity Service Provisions.

The District Electricity Committee constituted under section 166 (5) of the Electricity Act 2003 by the state government should facilitate project preparation and execution and take a proactive role for expeditious rural electrification in the district. The District Electricity Committee would monitor the functioning of these projects.

The scheme would be implemented under the overall supervision and control of REC in its capacity as the lead agency responsible for the scheme.

(B) Household Electrification

In electrified villages, 100% grant would be provided for electrification of BPL households as per existing guidelines of the "Kutir Jyoti Schemes".

2.78 The Committee have been apprised that the Rural Electrification Corporation (REC) have also asked State Governments to submit the projects on the basis of the guidelines of this New Programme.

2.79 Ministry of Power have further informed the Committee that the new definition of electrified village has also came in force from 2004-05, as per the recommendation of Standing Committee on Energy which is as under:

"A village would be declared as electrified if:

(i) Basic infrastructure such as Distribution, Transformer and Distribution lines are provided in the inhabited locality as well as the Dalit Basti/hamlet where it exists (For electrification through Non-Conventional Energy Sources a Distribution transformer may not be necessary);

(ii) Electricity is provided to public places like Schools, Panchayat Office, Health Centres, Dispensaries, Community Centres etc.; and

(iii) The number of households electrified should be at least 10% of the total number of households in the village."

The new definition was notified on February 5, 2004 and would come into effect from the year 2004-05.

2.80 Enquired about the mechanism developed for implementation of the scheme through State utilities, Panchayati Raj Institutions, NGOs, etc. and now the progress of the scheme is being monitored by the Government, the Ministry of Power, informed the Committee as under:

"As per the guidelines of the new programme there is provision whereby Panchayats, NGOs, Users Association, State/Regional Utilities or any other individual/entity desirous of becoming a Rural Electricity Provider would be eligible for the Capital subsidy under the scheme. However, in order to avail of the subsidy, the Rural Electricity, Service provider must ensure an active support/participation of the beneficiaries through Panchayati Raj Institutions, Consumers Cooperative/Association, NGOs etc. The scheme is being implemented under the overall supervision and control of REC, which is the lead agency for the scheme."

2.81 Asked about any target that has been laid down for electrification of all villages, the Committee have been informed by the Ministry of Power as under:

"According to the National Common Minimum Programme of the Government, all households are to be electrified within a span of

five years. This would involve electrification of all the villages. To achieve the target, a new strategy has been drawn up which envisages:

(i) Creation of Rural Electricity Distribution Backbone (REDB) of 33/11 KV substations, with at least one such substation in each block appropriately networked and linked to the state transmission system.

(ii) Creation of Village Electricity Infrastructure (VEI) by providing Distribution Transformer (s) with at least one such transformer in every village.

(iii) Rural Household Electrification of un-electrified households from village distribution transformer(s).

(iv) Decentralized distributed generation system for such village where grid connectivity is either not feasible or not cost effective."

2.82 The Committee observe that electricity is one of the main infrastructural requirements for agricultural and agro-industrial development, employment generation and improvement in the quality of life of people in rural areas. Taking note of Central Electricity Authority (CEA) report that 92,849 feasible villages still remain to be electrified and Bihar, Jharkhand and Uttar Pradesh have reported that some villages have to be rehabilitated and the slow pace of village electrification, (as only 879 villages were electrified during 2003-04 {upto February, 2004) the Committee feel that repeated announcements made by the Government to speed-up the pace of the rural electrification have not been executed in letter and spirit. The Committee further note that progress of agricultural pump-set energisation for the year 2003-04 (upto February, 2004) is also poor as only 1,92721 pump-sets were energised during the period and more than 5 million pump-sets of the identified potential are yet to be energised. The Committee are further dismayed to note that interest subsidy for rural electrification was revised from Rs. 100 crore to Rs. 50 crore and Budget Estimates for Rural Electrification Supply Mission were down-wardly revised to Rs. 1 crore from the original outlays of Rs. 5 crore during 2003-04. In view of the slow pace of rural electrification programme and low utilisation of budgeted amount, including subsidies, the Committee are unhappy to observe the way, the Government have implemented/executed Rural Electrification Schemes and therefore strongly recommend that the Government should come with a detailed action plan to execute

the rural electrification programme for complete village electrification in the next five years as envisaged in National Common Minimum Programme and apprise the Committee of the action plan framed in this regard.

2.83 The Committee are further constrained to note that although funds for rural electrification are made available to SEBs/ implementation agencies through various Ministries including Rural Electrification Corporation, the actual utilisation/disbursements are very low as compared to the sanctioned funds. The Committee observe that during the year 2002-03, against sanctioned funds of Rs. 12125 crore, the disbursements were only Rs. 6607 crore. Similarly, for the year 2003-04, against Rs. 15,976 crore, the disbursement made by REC were only Rs. 6017 crore. The Committee take a strong note of the fact that in spite of their repeated recommendations for disbursement of funds for rural electrification schemes as sanctioned, the funds released by REC since 1996-97 for different schemes were much below the sanctioned funds. In the absence of any explanations, the Committee failed to understand why the sanctioned funds could not be disbursed during a particular year. The Committee would like to know the status of implementation of all Rural Electrification Schemes, including Kutir Jyoti Programme, during 2003-04. In view of the low disbursement of funds, the Committee recommend that the Government/REC should take all necessary steps so that the schemes planned in any particular year for which funds have been earmarked should be implemented and funds disbursed thereon. The Committee would like to know the action taken by the Government/ REC in this regard.

2.84 The Committee are happy to note that after their repeated recommendations to redefine the existing definition of village electrification, the Government have now accepted the same and a new definition of village electrification has been notified. As per the new definition, a village would be declared as electrified if (i) basic infrastructure such as Distribution Transformer and Distribution lines are provided in the inhabited locality as well as the Dalit Basti/hamlet where it exists (For electrification through Non-Conventional Energy Sources a Distribution transformer may not be necessary), (ii) electricity is provided to public places like Schools, Panchayat Office, Health Centres, Dispensaries, Community Centres etc., and (iii) the number of households electrified should be at least 10% of the total number of households in the village. While welcoming the change in definition, the Committee feel that

urgent steps should be taken to ensure that at least 50% of the total village households electrified in the next five years. The Committee feel that under the ambit of new definition the number of non-electrified villages, which at present stands at 92,849 shall go up. Similarly, the number of remote villages may also change based on more accurate survey. The Committee, therefore, urge that new definition be practised uniformly and adopted by all the arms of the Government, including the Ministry of Power. At the same time, the committee desire that the Ministry of Power should impress upon the States to update their statistics based on the new definition and carryout fresh survey for identifying the non-electrified villages on priority basis. The Committee desire to be apprised of the action taken by the Government in this regard.

2.85 The Committee would also like to know the mechanism under which the Rural Electricity Service Provider would be selected and the satisfactory arrangements for decentralized management and revenue collection through Panchayats/Users Association/Cooperative NGOs/Franchises etc. The Committee would like to know the follow-up action taken by the Government on new guidelines issued for Rural Electrification. The Committee also recommend that the Ministry should impress upon all the State Governments to constitute the District Electricity Committees under Section 166 (5) of the Electricity Act, 2003 which can facilitate expeditious rural electrification in each district by monitoring the functioning of these projects.

G. Tariff Policy & Free Power

Tariff Policy

2.86 Section 3 (1) of the Electricity Act, 2003 provides that the Central Government shall, from time to time, prepare the National Electricity Policy and tariff policy, in consulatation with the State Governments and the Central Electricity Authority for development of the power system based on optimal utilisation of resources such as coal, natural gas, nuclear substances or materials, hydro and renewable sources of energy.

2.87 The process for formulation of tariff policy was initiated by the Ministry of Power by constituting a High Level Task Force on "Power Sector Investments and Reforms". The Task Force has since submitted its recommendations. These are at Annexure-V.

2.88 The Ministry of Power have informed the Committee that the view of State Governments/State Power Utilities and other stakeholders on tariff policy have been sought *vide* Ministry of Power letter dated 28th June, 2004. They have been requested to offer their views on the National Electricity Policy, Policies for rural areas and tariff policy within a period of one month. The report of Task Force was also sent earlier to the States for their views. In the first instance National Electricity Policy is being finalized. Thereafter, tariff policy would be taken up for consultation and finalization.

Free Power

2.89 The Committee have observed that recently various State Governments such as Andhra Pradesh, Tamil Nadu and Maharashtra have announced free power to various consumers, particularly to farmers. In view of this, enquired if such initiatives will slow down the reforms process in the power sector and thus reduce the private investors' interest in investing future power projects, the Ministry of Power informed the Committee in a written reply as under:

> "Section 62 of the Electricity Act, 2003, empowers State Electricity Regulatory Commissions to determine the tariff for sale of electricity to consumers including farmers.
>
> Section 65 of the Act provides that if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the State Government shall, notwithstanding any direction which may be given under section 108, pay in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government."

2.90 The Ministry of Power further informed that the Government of Andhra Pradesh has issued a direction under section 108 of the Electricity Act, 2003 and section 12 (3) of the AP Reforms Act to provide free power to all consumers in the following categories:

(i) LT-V Agricultural consumers.

(ii) HT-IV Irrigation and Agriculture (excluding HT-IV (A) i.e. Government Lift Irrigation) and

(iii) All RESCOS (to the extent of agricultural consumption in their areas of supply).

However, the direction of the State Government reiterates that as required under section 65 of the Electricity Act, 2003, the State Government is committed to provide necessary additional subsidy to the licensees in the manner determined by the State Commission.

2.91 The Committee observe that the Government of Tamil Nadu has announced the supply of electricity to Low Tension Hut and agricultural consumers with effect from 1.4.2004 and reduction of the tariff rates for domestic consumers with effect from 16.6.2004 by duly providing sufficient subsidies to Tamil Nadu Electricity Board.

2.92 Asked about the amount of advance fixed by the respective State Electricity Regulatory Commissions of Tamil Nadu and Andhra Pradesh which is to be paid to licensees on account of subsidy provided to agriculture consumers as announced recently, the Ministry of Power informed the Committee in written reply as under:

> "Tamil Nadu Electricity Regulatory Commission in its order dated 14th June, 2004 has directed Tamil Nadu Government to pay Rs. 196.04 crore for full year towards subsidy for extension of free supply of agriculture (excluding self-financing scheme for farmers).
>
> Andhra Pradesh Electricity Regulatory Commission has also asked the Government of Andhra Pradesh to pay an amount of Rs. 380.45 crore from 14.5.2004 to 31.3.2005 towards subsidy for extension of free supply to agriculture consumers."

2.93 According to the Ministry of Power, as the State Governments are providing subsidy to the utilities under section 65 of the Electricity Act, 2003 and compensating them fully for free supply of power or reduction in tariff, the free power scheme would have no adverse effect on their financial health.

2.94 As regard to the National Electricity Policy, Policies for Rural Areas and Tariff Policy, the Committee are constrained to note that the State Governments have failed to respond on the report of Task Force which was sent by the Ministry of Power for their comments. Again, on 28th June, 2004 the Government have requested to furnish their views on National Electricity Policy, Policies for Rural Areas and Tariff Policy within a period of one month. The Committee stress that the Government should take all desired steps to frame and notify the new Electricity policy at the earliest. The Committee also desire that the task of framing Policies for Rural Areas and Tariff Policy be also completed in a time bound manner. The

Committee would like to know the action taken by the Government in this regard.

2.95 The Committee have observed that recently a number of States have announced free power to various consumers particularly to farmers. While examining the Electricity Bill, 2001, the Committee have commented upon at Para No. 10.67 (31st Report, 13th Lok Sabha) that in guise of free power to agriculture sector, subsidy to farm sector is being misused/misappropriated, thus defeating the very purpose of introducing of such a system for farm sector. The Committee had observed that such subsidy was cornered by persons other than for whom it was intended. The Committee per-se were not against the concept of subsidy to farm sector, but stressed that it needs to be regulated. It is in this context, the Committee had desired that electricity supply to agriculture should be compulsorily metered and duly reflected in the monthly Bill raised for the purpose. It would also help in checking the theft of electricity by non-agricultural sector as at present SEBs are showing all their losses against agricultural sector because it is not metered. The State Governments concerned can decide as to how much free power is to be given to a beneficiary and for how much power he had to pay. The Committee reiterate their earlier recommendation on free power to consumers and desire that it should compulsorily be metered so that the State Governments concerned can decide as to how much free power is to be given to a beneficiary and for how much power he has to pay. Taking note of the Tamil Nadu Electricity Regulatory Commission's orders directing Tamil Nadu Government to pay Rs. 196.00 crore for full year towards subsidy for execution of free supply of power to agriculture and the Andhra Pradesh Electricity Regulatory Commission order asking Andhra Pradesh Government to pay an amount of Rs. 380.45 crore from 15.5.2004 to 31.3.2005 towards subsidy for extension of free power, the Committee find that the Government have not clarified about the present policy guidelines to ensure that subsidy amount is either paid by the State Government in advance to the distribution licensee or these be released by the State Government in equal quarterly instalments subject to final adjustment at the end of the year. The Committee, therefore, desire to be apprised of the present guidelines issued by the Government in this regard.

H. Project Implementation in North-Eastern Region

2.96 The Committee have been informed that in 1981, the installed capacity of the North-Eastern Region was 410 MW only. In the last

two decades, the total installed capacity in the region has increased to more than fivefold at 2293.80 MW as on April, 2004 which constitute hydro and thermal segments.

2.97. The Ministry of Finance / Planning Commission have issued instructions to all the Ministries / Departments for allocation of 10% of their Plan Budget for the projects in the North Eastern Region including Sikkim. Accordingly, Ministry of Power is providing not only 10% of its Plan Budget but in excess of the 10% of the Plan Budget to the North-Eastern Region including Sikkim.

2.98 The following were the allocation and the actual utilization in the last three years of the Plan budget of the Ministry of Power for North-Eastern Region including Sikkim.

Year	Total Plan BE of MoP	Fund allocated to NER & Sikkim	% allocation to NER & Sikkim	Actual Plan utilization of MoP	Fund utilized w.r.t. NER & Sikkim	% utilization w.r.t. NER & Sikkim
2001-02	3288.00	471.70	14.35	3089.12	282.76	9.15
2002-03	3300.00	708.67	21.47	1830.46	396.08	21.41
2003-04	3500.00	1023.08	29.23	1846.46	677.25	36.67

NEEPCO

2.99 The North-Eastern Electric Power Corporation (NEEPCO) was set up under a resolution of North-Eastern Council (NEC) in its 5th Meeting held on January, 29th 1975 and was established on 2nd April 1976 with the objective of harnessing the huge potential of hydropower through execution of power projects thereby contributing to the development of infrastructure in this backward region. The plan outlay for NEEPCO during 2003-04 were Rs. 198 crore which were revised to Rs. 135 crore. The outlay for 2004-05 are Rs. 482 crore with IEBR component of Rs. 265 crore and GBS of Rs. 217 crore. The following are the projects taken up by North Eastern Council through NEEPCO.

I. Completed Generation

(i) Kopila HEP (2x25+2x50=150 MW.

(ii) Ranganadi HEP 3x135=405 MW.

(iii) Doyang HEP 3x25=75 MW.

2.100 During the period from 1st January, 2003 to 31st March, 2004, NEEPCO generated 2124 MU from hydro stations against a target of 2343 MU and 2733 MU from thermal stations against a target of 2666.32 MU. The cumulative generation since inception till 31st March, 2004 from NEEPCO power stations was 26395 MUs.

II. Proposed Generations to be taken up in the 10th Plan

1. Generation Projects

(i) Lakwa Waste Heat Recovery Project (1x38 MW) in Assam

(ii) Karbi Langpi HEP (2x50 MW) in Assam

(iii) Myntdul Leshks HEP (2x42 MW) in Meghalaya

(iv) Bairbi HEP (2x40 MW) in Mizoram

(v) Gas Based Power Project Baramura Unit V (21 MW), in Tripura.

2. Transmission

2.101 Along with the addition of capacity generation, a matching transmission system to evacuate excess power outside the region as well as to distribution power efficiently within the region is required. With this in mind, NEC has also funded many transmission projects all over North East and has contributed a total of 2079 circuit kilometers of transmission lines at a total cost of 363.07 crore.

2.102 The Committee observe that the Ministry of Finance/ Planning Commission have issued instructions to all the Ministries/ Departments for allocation of 10% of their Plan Budget for the projects in the North Eastern Region including Sikkim. Accordingly, Ministry of Power is providing not only 10% of its Plan Budget but in excess of the 10% of the Plan Budget to the North-Eastern Region including Sikkim. Taking note of the low % utilization which varies from 9% to 36% of the total outlays with respect to North-Eastern Region and Sikkim during the last 3 years, the Committee feel that the very purpose of providing 10% of the total outlays of the Ministry to North-Eastern Region gets defeated. The Committee are further perturbed to note that though the Planning Commission conducts quarterly performance review (QPR) on a regular basis for each State including the States of the North-Eastern region which *inter-alia* also covers the power sector and in the said QPR both physical and financial progress in NE States are reviewed, it appear to the

Committee that no corrective actions to expedite the timely completion of the projects have been taken. The Committee, therefore, strongly recommend the Government to take all desired steps to ensure that funds earmarked for North-Eastern Region which are meant for overall development of the region must be utilized and projects/schemes should be completed as targeted. The Committee are constrained to note the low utilisation of Budget outlays by NEEPCO which is undertaking power generation projects in North-Eastern Region. During the year 2003-04 as against BE of Rs. 414 crore, the actuals were only Rs. 61 crore. It appears that in spite of Committee's earlier recommendations that NEEPCO should set achievable targets and IEBR projections, the Government/NEEPCO had done nothing to implement these suggestions. Although, a number of projects like Tipaimukh gas based power Project (280 MW), Tipaimukh Hydro-electric Project (1500 MW), Turial Hydro-electric Project (60 MW), Tuivai Hydro-electric Project, (3x70 MW) etc. are being executed by NEEPCO, the Committee are at a loss to observe the downward revision of Budget Estimates during 2003-04. The Committee feel that the Government/NEEPCO will at least now ensure the utilisation of the plan outlays fully which are targeted for the year 2004-05. The Committee would like to be apprised of the steps taken to fully utilize the Budget Estimates of Rs. 482 crore from 2004-05 with 217 crore Gross Budgetary Support for the year. Since the funds for North-Eastern region get accredited to a non-lapsable fund every year, the Government should think of utilising these funds for creation of basic infrastructure in the region which in term would help in reducing the cost of various projects in the region. The Government may also analysis the possibility of utilising this fund to meet the expenditure on security activities at various projects sites to ensure proper law and order situation to avoid loading the cost on the project. The Committee also suggest that part of the unutilised amounts of the Ministry could be transferred to the non-lapsable fund. The Committee may be informed of the action taken in the matter.

I. Powergrid Corporation of India Limited

2.103 The Committee note that the mission of Powergrid is to establish and operate the Regional and National Grid to facilitate transfer of power within and across the Regions with reliability, security and economy on sound commercial principles. As the first phase of organisation, evolution Powergrid has taken over transmission assets

of central sector generating companies as per Act passed by the Parliament, the transmission system of NTPC, NHPC, NEEPCO and NLC were transferred with effect from 01.04.1992 to Powergrid along with manpower. In the second phase, Powergrid assumed the responsibility to operate the Regional Load Despatch Centres and related integrated operational functions of Regional grids. The management of the Southern, Eastern, North Eastern, Western and Northern Regional Despatch and Communication Centre (RLDCs) hitherto under control of Central Electricity Authority (CEA) have already been transferred to Powergrid. In the third phase, Powergrid proposes to create power pools so as to ensure utilisation of surplus power in the deficit Regions. Powergrid Corporation of India Ltd. has been notified as the Central Transmission Utility under Para 3 of the Electricity Law (Amendment) Act, 1998. Accordingly the statutory responsibility to undertake transmission of Energy through inter-state Transmission system, to discharge all function of planning and coordination of the same, to exercise supervision and control over the same has been bestowed upon Powergrid. Keeping the pace of development of the Indian economy and the ever-increasing demand of power in view, according to Ministry of Power, Powergrid has drawn up ambitious investment plans to speed up the progress of development of Regional and National Power Grids. Further, with a view to attract Private Sector investments Powergrid is embarking upon promotion of Independent Power Transmission Companies and Joint Venture in the Transmission Sector.

2.104 Financial performance of Powergrid during 2002-03 and 2003-04 *vis-a-vis* targets alongwith target for 2004-05 are as under:

(Rs. in crore)

Particulars	Target 2002-03	Actual 2002-03	Target 2003-04	Actual 2003-04	Target 2004-05
Total Plan Outlay	2687.00	2758.91	2360.00	2351.26	3840.00

2.105 For development of National Grid which can support additional capacity addition of 1,00,000 MW in 10th & 11th Plans (by 2012), Powergrid has envisaged an investment of about Rs. 70,000.00 crore. Out of this, Rs. 50,000.00 crore is planned to be invested by Powergrid and balance Rs. 20,000.00 crore is proposed to be mobilized from private

sector, Powergrid plans to invest Rs. 21,370.00 crore in 10th Plan and Rs. 28258.00 crore in 11th Plan for Central Transmission Sector. Such a network would be capable of carrying 60% power generated in the country.

2.106 Year-wise investment made/planned by Powergrid during 10th and 11th Plan periods are as indicated below:

Investment in 10th Plan (Rs. in crore):

Year	2002-03 (Actual)	2003-04 (Actual)	2004-05	2005-06	2006-07	Total 10th Plan
Investment	2759	2351	3840	5628	6792	21370

Investment in 11th Plan (Rs. in crore):

Year	2007-08 (Actual)	2008-09 (Actual)	2009-10	2010-11	2011-12	Total 11th Plan
Investment	4151	5813	7601	7061	3633	28258

2.107 The Ministry of Power have informed that acceleration of the pace of implementation of the National Grid and achieving the target of inter-regional power transfer capacity of 30,000 MW even before 2011-12 would largely depend upon the implementation of the major associated generation projects (including those envisaged within the programme for development of hydro-electric capacity of 50,000 MW).

Setting-up National Grid

2.108 In line with the plan to establish an integrated National Power Grid in the country by the year 2012 with inter-regional power transfer capacity of 30,000 MW various inter-regional transmission schemes were undertaken. The Ministry of Power informed that Committee that the first phase of National Grid has been accomplished with commissioning of Sasaram HVDC B/B Project in Sept, 2002, 3 months ahead of schedule and at a cost lesser by Rs. 75.00 crore from the Government approved cost. Capacity addition for the second phase of National Grid has also commenced in FY 2002-03, with commissioning of 2000 MW Talcher-Kolar HVDC bipole link in September, 2002 and 400 kVD/C Raipur-Rourkela linked in Mar'03, enhancing inter-regional transfer capacity to 8000 MW from almost

non-existent level five years ago. The implementation of 2000 MW, 1400 kms. long Talcher-Kolar HVDC project has the distinction of being the longest HVDC bipole link in Asia. This project was not only commissioned 9 months ahead of schedule but also at a cost, which is Rs. 700 crore less than the Govt. approved cost of Rs. 3865.00 crore. Completion of Raipur-Rourkela 400 kV/DC AC inter-connection between Eastern and Western Region has led to creation of a synchronized regional grid covering North-Eastern/Eastern/Western Regions with a total installed capacity of more than 50,000 MW stretching from Arunachal Pradesh in North Eastern Region to Goa in Western Region, traversing a distance of more than 2500 KM.

2.109 As a result of the above endeavours, during the year 2002-03, Powergrid facilitated inter-regional power transfer of 13,000 MU valued at Rs. 2000.00 crore, about 40% higher compared to that achieved during FY 2001-02. This power would have remained bottled up without the facilities created by Powergrid. The power transfer has taken place mostly from power surplus Eastern Region to other power deficit regions. This has helped exporting region by way of reduced charges and importing region by mitigating the power shortage. Thus enhancement of inter-regional power transfer added huge economic value.

2.110 The Committee have been informed that Power Grid Corporation of India Limited has taken elaborate steps for advance completion of the Rs. 73,000 crore National Power Grid by 3 years *i.e.* from 2012 to 2009. The establishment of the network could carry 30,000 MW of power and the implementation of the grid is spread over three phases. The transmission network in the country would be able to carry 23,000 MW of power by 2007 i.e. up by 8000 MW at present. Further, the Tata Power transmission line would be carrying power from Bhutan to the Northern parts of the country and it is likely to be completed by 2006. Till now, only 26% of the total investments in the power sector has gone to the transmission and distribution sector against 50% needed to be earmarked for the purpose.

Development of National Power Grid

2.111. Present power scenario of the country indicates that Eastern and North-Eastern Regions are surplus in Power and all other regions *viz*. Northern, Western and Southern Regions are facing power shortage. The energy resources in the country are unevenly distributed as coal is primarily confined to Eastern Region while hydro potential is

confined to Northern and North-Eastern Region. Confinement of energy resources to specific areas would lead to Eastern and North-Eastern Region becoming power surplus in future also and it will necessitate power transfer to deficit regions. So, strong inter-connection of regional grids in the form of National Grid with high capacity lines in required to optimally utilize the surplus power available by power deficit regions. In addition to transfer of power among regions, other benefits of inter-regional national power transmission network grid are:

- Reduction in Spinning Reserve through mutual support
- Improvement of Hydro-thermal mix
- Utilisation of time diversity in the country
- Achievement in economy of scale by setting large size resource based power station
- Economy in transmission of power compared to transportation of coal
- Help in power transfer during seasonal and weather variation
- Margins for open access to some extent
- Promotion of trading of power on commercial principles

2.112 Establishment of an integrated National Power Grid in the country by the year 2012 with an inter-regional power transfer capacity of over 30,000 MW has been envisaged. A perspective transmission plan has been evolved for strengthening the regional grids with ultimate objective of establishment of strong and vibrant National Power Grid in a phased manner to support the generation capacity addition programme of about 1,00,000 MW during 10th and 11th Plans:

Phase-I

Phase-I of the National Grid was completed in September, 2002 with the implementation of 500 MW HVDC Back to Back link at Sasaram. Under the first phase, all the power regions of the country were inter-linked mainly through asynchronous HVDC links and an inter-regional power transfer capacity of 5,000 MW was achieved. Various HVDC links operationlaised during this phase are 500 MW HVDC back-to-back link inter-connecting Western and Northern Region at Vindhyachal, 1000 MW HVDC back-to-back link inter-connecting Western Eastern and Southern Regions at Gazuwaka, 500 MW Sasaram

HVDC back to back link interconnecting Eastern Region with Northern Region at Sasaram. Besides this, few AC inter-regional links were also put under operation.

Phase-II

Implementation of second phase of the National Grid began with the commissioning of 200 MW Talcher-Kolar bi-polar HVDC link, the longest HVDC Bi-pole in Asia. The 400 Kv D/C Raipur-Rourkela line (East-West inter-connector) was commissioned in March, 2003 raising the cumulative inter-regional power transfer capacity to 8400 MW. With this synchronous operation of regional grids covering North-Eastern, Eastern and Western Regions with a combined installed capacity of over 50,000 MW stretching from Arunachal Pradesh in North Eastern Region to Goa in Western Region, i.e. a distance of more than 2500 Km, covering an area of 16 lac sq. Km, has been achieved.

The second phase of National Grid consisting of hybrid system of HVDC & 765 kV systems is expected to be achieved by 2007, when the inter-regional power transfer capacity is envisaged to be about 22,000 MW. This would, however, depend upon commissioning of planned generation projects.

Phase-III

In the third phase, a strong National Grid has been envisaged to evacuate power from major generating resources including hydro projects in North-Eastern Region and large sized Thermal Power Plants in Jharkhand/Bihar, Orissa and Madhya Pradesh. It involves development of high capacity transmission corridor in chicken-neck area (falling between Nepal & Bangladesh) and establishment of a ring of 765 KV lines interconnection all the electrical regions. Cumulative inter-regional transmission capacity of the National Grid would increase to about 30,000 MW by the end of 11th Plan depending upon pace of generation capacity addition.

Taking note of low investment in transmission projects, the Committee asked about the steps the Government have taken to increase the present level of investment of 28% in transmission and distribution sector against the 50% needed for the purpose. In this connection, the Ministry of Power informed the Committee in a written reply as under:-

"Break-up of required investment in transmission and distribution as a percentage of investment in generation is following:—

Interstate transmission System including National Grid Regional Grids and State Grids	
Investment as a percentage of investment in generation	25%
Sub-transmission and Distribution System	25%
Total	50%

Infusion of investment by the union Government through Centre Sector PSUs has helped to achieve the requisite level of development in Regional Grid Systems. Development of National Grid System is also, by and large, taking place at the desired pace.

Investment in inter-state transmission system had been on lower side. Due to financial constraints, the State Utilities, by and large, have been concentrating on developing the basic State Grid Systems, but have been compromising on required margins for reliability.

The picture of investment in sub-transmission and distribution has been dismal. Due to financial constraints and also due to organizational deficiencies, the State Utilities had been neglecting development of adequate sub-transmission and distribution system."

2.113 According to the Ministry of Power, to increase the level of investment in the transmission, sub-transmission and distribution sector, the financial health of utilities in the State sector needs to be addressed. In this context, structural reforms are being pursued. Financial assistance to the state utilities is also being provided particularly for investment in the sub-transmission and distribution systems under the Accelerated Power Development & Reforms Programme (APDRP).

2.114 The Committee have been informed that Power grid, the Central Transmission Utility at any given time undertakes around 40-50 ongoing transmission projects that are at various stages of implementation. It has developed an integrated project management and control system to monitor and control the time and cost overrun in the projects. With the help of this approach, Power grid has completed some of very complex projects ahead of schedule and at cost lesser than the approved cost. In the year 2002-03, Power grid

commissioned transmission projects worth Rs. 5300.00 crore ahead of schedule ranging upto one year and cost lesser by Rs. 820.00 crore than the approved cost. Further, during financial year 2003-04, Powergrid commissioned 15 transmission projects worth Rs. 1500.00 crore including three new sub-stations, which include Unified Load Despatch & Communication (ULDC) in North Eastern Region, commissioned in May, 2003, 7 months ahead of schedule and at a cost lesser by Rs. 50.00 crore than the approved cost of Rs. 264.00 crore; Chemera II Transmission system was completed in May, 2003 in a record time of 10 months and within approved cost; Khammam-Nagrajunsagar 400 KV S/c line, part of Ramagundam III transmission system was commissioned in February, 04, 18 months ahead of schedule, etc. However, in the case of certain projects there was time and cost overrun due to the following reasons:—

1. Delay in signing MoU by beneficiary states in case of ULDC projects.
2. Poor financial condition of beneficiary state compelling them to go back from their commitments to pay tariff and instead, insist for Government grant as in case of ULDC-NER.
3. Bottleneck in forest clearances due to actions of State Government MOE &F & NGOs.
4. Delay in issuance of notifications by Government agencies (for example, waiver of custom duty, notification for Deemed Export Benefit).
5. Bottlenecks in land acquisition.
6. Bottlenecks in accessing Right-of-way.
7. Extraordinary inclement weather conditions hampering the progress of work.
8. Law and order problem in insurgency prone area.

Venturing into Telecom Business

2.115 The Committee have been informed that to strengthen its position in the competitive telecom business, Powergrid commissioned Delhi-Lucknow-Mumbai telecom link (2600 km) in a record time of 9 months. Agreements were signed with leading telecom players like VSNL, Data Access, Daksh, Converges, Bharti Telenet, Spectranet, Wipro Spectra mind, etc. for using Powergrid's telecom network. With few links the company generated raven of about Rs. 8.3 crore from its

telecom operation during the financial year 2002-03. A major boost to Powergrid's telecom venture has been received with the Government of India approval for the implementation of Powergrid's nation wide telecom network of about 14000 kms at an estimated cost of Rs. 934.00 crore. According to the Ministry of Power, this network shall be operational by the year 2004 and shall interconnect about 60 cities including all the State capitals.

2.116 Asked about the total investment and returns by Power Grid Corporation of India Limited in telecom sector and whether the profits from telecom sector are being ploughed back into the transmission sector the Ministry of Power in a written reply furnished to the Committee have stated as under:—

> "In telecom sector, to build the Telecom Back bone & Access network, investment to the tune of about Rs. 650.00 crore was made by Powergrid so far.
>
> During past two years, only few links were under commercial operation and accordingly Powergrid could earn revenue to the tune of Rs. 18.00 crore. However, Powergrid expects that business will increase substantially at the network will get commissioned progressively in a year's time.
>
> During the financial year 2004-05, till July 15, 2004, orders worth about Rs. 23.00 crore have been secured by Powergrid from various customers.
>
> As telecom is a capital intensive sector, the Consultants' financial analysis had indicated that the pay back for Powergrid telecom project was expected to be 7-8 years time. Once the profits start accruing, the same shall be ploughed back into transmission sector."

2.117 The Committee observe that Powergrid is executing ambitious plan for development of National Powergrid by 2012 and is targeting to complete it ahead by 3 years *i.e.* 2009. For development of National Grid which can support additional capacity addition of 1,00,000 MW in 10th & 11th Plans (by 2012), Powergrid has envisaged an investment of about Rs. 70,000.00 crore. Out of this, Rs. 50,000.00 crore is planned to be invested by Powergrid and balance Rs. 20,000.00 crore is proposed to be mobilized from private sector. According to the Ministry of Power, Powergrid plans to invest Rs. 21,370.00 crore in 10th Plan and Rs. 28258 crore in 11th Plan for Central Transmission Sector. Such a network would be capable of

carrying 60% power generated in the country. Taking note of the present infusion of investments and completion of projects ahead of their targeted schedules, the Committee hope and trust that the Powergrid would be able to set up the National Powergrid three years in advance *i.e.* by 2009. The Committee desire that the Govt./ Powergrid should take elaborate steps and redraw the completion of remaining phases for developing National Powergrid by 2009.

2.118 The Committee are, however, constrained to note that the transmission and distribution of electricity is not given the desired attention as the present level of investments in T&D sector is only 28% against the 50% actually required. The absence of power evacuation facilities have resulted in accumulation and wastage of power generation. Although, the Government have stated that infusion of investment by Union Government through PSUs has helped to achieve the requisite level of development in regional grid system, the Committee find that investment in inter-state transmission system had been on lower side. Due to financial constraints, the State Utilities, by and large, have been concentrating on developing the basic State Grid Systems, but have been compromising on required margins for reliability. Further, the picture of investment in sub-transmission and distribution has been dismal. The Committee, thus, strongly urge the Government to vigorously speed up the implementation of APDRP scheme to help investments in the T&D Sector at the desired level. The Committee are of the opinion that with the financial support for APDRP for strengthening sub-transmission and distribution network, the T&D losses will be minimized.

2.119 The Committee observe that Powergrid has diversified into telecom sector also and investments to the tune of about Rs. 650.00 crore has been made by the Powergrid in telecom sector. The Committee find that as only few links were under commercial operation, Powergrid earned revenue of Rs. 18.00 crore during the last two years. Further, till 15th July, 2004, orders worth about Rs. 23.00 crore have been reported to be secured by the Powergrid from various customers. With the expected returns to increase only after 7-8 years, the Committee are at a loss to observe that had the Committee's earlier recommendation (Para No. 2.112, 16th Report, 13th Lok Sabha) been implemented; the Government/Powergrid should have been able to plough the investments of Rs. 650.00 crore in the transmission sector. The Committee, therefore, again recommend that the Government analyze the present investments

made in the telecom sector vis-a-vis **profit to be accrued which could be well ploughed back in the transmission sector for which the Powergrid has been mandated. The Committee would like to know the details of such analysis carried out by the Government/Powergrid.**

J. Damodar Valley Corporation of (DVC)

2.120 The Damodar Valley Corporation (DVC) came into existence by an Act of Central Legislature on 7th July, 1998 as the first Multipurpose Integrated River Valley Project in India. At the time of its inception, the objectives were flood control, providing water for irrigation and other uses, generation, transmission and distribution of electricity, eco-conservation and afforestation and socio-economic-well being of the people residing in and around DVC projects. With the passage of time and shift in national priorities, power generation with associated transmission and bulk distribution gained priority in DVC in view of its location advantage and today DVC is considered as one of the major power utility in the Eastern Region. Other objectives of DVC, however, received due importance as part of its overall responsibility.

2.121 Against targeted Thermal and Gas Turbine generation of 8610 MU and Hydel generation of 250 MU, the Committee observe that DVC achieved Thermal and Gas Turbine generation of 8662 MU and Hydel generation of 294 MU during 2002-2003. In RE 2003-04 it was projected that DVC would generate Thermal and Gas power to the tune of 9450 MU and Hydel power of 300 MU. Against the above target DVC achieved Thermal and Gas Turbine generation of 9710 MU and Hydel generation of 304 MU during 2003-04. Projection for Annual Plan 2004-05 is that there will be a generation of 10685 MU of which 10385 MU will be from Thermal and Gas and 300 MU from Hydel.

2.122 The Ministry of Power have informed the Committee that against Capital Expenditure target of Rs. 1063.37 crore (Plan Capital Expenditure Rs. 973.55 crore and non-plan Capital Expenditure Rs. 89.82 crore) actual expenditure by DVC for the year 2002-2003 was Rs. 287.57 crore in aggregate of which Rs. 269.27 crore was in respect of Plan Outlay and Rs. 18.30 crore towards Non-Plan Outlay. In the year 2003-04 the target of Plan Outlay has been kept at Rs. 599.26 crore as against original budget estimate of Rs. 1450.00 crore. Besides Non-Plan Outlay of Rs. 88.57 crore has been finalised against original budget of Rs. 146.72 crore. Thus the total Capital Expenditure during 2003-04 was estimated at Rs. 687.83 crore. The total Capital Expenditure during

2004-05 has been estimated at Rs. 1168.12 crore consisting of Plan Outlay of Rs. 999.70 crore and Non-Plan Outlay of Rs. 168.42 crore.

2.123 The Committee observe that Megia TPS Extension Project is delayed due to delay in supply of balance plant & equipment from BHEL, for Maithon TPS Right Bank TPS, after exist of BSES, land acquisition is in progress by DVC and for Chanderpura TPS, the Ministry of Environment and Forest clearance is still awaited.

2.124 Gross Internal Resources generated by DVC during the year 2002-2003 was to the tune of Rs. 478.23 crore against a target of Rs. 303.13 crore. Internal Resources expected to be generated during the year 2003-04 Rs. 1562.25 crore. For the year 2004-05 it is projected that DVC will generate Internal Resources to the tune of Rs. 502.11 crore. These gross internal resources will be utilised towards repayment of market loan and meeting the Plan and Non-Plan Capital Expenditure.

2.125 Asked about the perspective plans drawn by DVC for augmentation of power generation, upgradation of Sub-transmission and distribution network and renovation and modernization/life extension Programme during the 10th Plan, the Ministry of Power informed the Committee in a written reply as under:—

(a) Perspective Plan for Generation Capacity addition by DVC during 10th Plan

No. of Projects	Gross Capacity addition	Total Estimated cost (Rs. crore)	Year wise Expenditure (Rs. Crore)				
			2002-03 (Actual)	2003-04 (Actual)	2004-05 (Proposed)	2005-06 (Proposed)	2006-07 (Proposed)
2	1210 MW	4900.41	200.53	335.06	996.40	1687.59	1210.91
1	2	3	4	5	6	7	8

(b) Perspective Plan for Transmission & Distribution & associated Communication Projects of DVC during 10th Plan

Transmission & Distribution

21	—	615.33	35.33	49.97	101.99	198.09	230.67

Communication

6	—	58.16	0.63	0.89	8.06	8.33	40.24

1	2	3	4	5	6	7	8
(c) Perspective Plan for Renovation & Modernization/Life Extension Programme of DVC during 10th Plan							
6	—	1637.17	19.48	27.53	25.94	201.60	498.50

2.126 The Committee are constrained to note that during 2003-04 against BE of Rs. 1450.00 crore and RE of Rs. 600.00 crore, the actual fund utilization by Damodar Valley Corporation (DVC) were only Rs. 317.00 crore. The reasons adduced by DVC on each of the schemes where investments could not be utilized during the year resulting in surrendering the plan outlays are not convincing and only indicate the casual manner in which projects/plans are framed and executed. Taking a strong note of the under-utilization of funds by DVC, the Committee cannot but deplore the way, the unrealistic plan outlays are being proposed by DVC management for different projects/schemes. The Committee are dismayed to note that whereas as an average Rs. 1000.00 crore are to be infused in the 3 ongoing projects of DVC during 10th Plan to augment 1210 MW of additional capacity, only Rs. 536.00 crore has been invested during the first two years of the Plan. The Committee, therefore, desire that the Government should review the existing system of budget formulation by DVC and all necessary steps be taken to improve budget formulation of plan outlays at the budget stage itself so that realistic targets could be set for generation, transmission & distribution and renovation & modernization activities proposed by the DVC during 10th Plan. The Committee may also be apprised of the action taken in this regard.

2.127 The Committee are also unhappy to note that the meager amount has been earmarked for R&M works which needs a much bigger allocation. The Committee recommend that DVC should carry out R&M related works in a time-bound manner and the Committee should be informed of the schedule chalked out for the purpose.

NEW DELHI;
August 18, 2004
Sravana 27, 1926 *(Saka)*

GURUDAS KAMAT,
Chairman,
Standing Committee on Energy.

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF THE STANDING COMMITTEE ON ENERGY CONTAINED IN THE REPORT

Sl.No.	Reference Para No. of the Report	Conclusions/Recommendations
1	2	3
1.	2.10	The Committee are perturbed to note that the Ministry of Power projected higher Plan outlays during the years 2002-03 and 2003-04 which were drastically reduced at RE stage. From the plan outlays of the Ministry of Power, the Committee observe that for the year 2002-03, these were reduced from Rs. 13483.00 crore at B.E. stage to Rs. 11268.36 crore at RE stage. The Ministry could not utilize this reduced amount and the actuals were Rs. 8649.22 crore only. Thus, the Ministry of Power surrendered an amount of Rs. 4833.78 crore during 2002-03 against the budgeted outlays. Further, the Plan outlays of the Ministry for 2003-04 were Rs. 14667.61 crore comprising of Rs. 3500.00 crore as GBS and Rs. 11167.61 crore as IEBR. This was reduced to Rs. 12037.77 crore at RE stage comprising of Rs. 1850 crore as GBS and Rs. 10187.77 crore as IEBR. The actual utilization of funds during 2003-04 was Rs. 10741.00 and the Ministry of Power surrendered an amount of Rs. 3927.00 crore as compared to BE for the year. Thus, in both the last two financial years, the Ministry failed to utilise the budgeted amount. The Committee are not satisfied with the reasons furnished by the Government for non-utilisation of the amount. The scheme

1	2	3
		of NERLDC by Power Grid is said to have been completed at lesser cost and resulted in saving of Rs. 29.87 crore. Better and advance budgeting would have ensured that the surrendered amount could have been utilised for other schemes. Similarly, the Committee are dismayed to note that in case of NHPC (2002-03) an amount of Rs. 742.72 crore was surrendered due to non-approval of Purulia Pump Storage, Kirshanganga, Parbati-III, Chamera-III, capitalization of IDC, etc. The National Power Training Institute (NPTI) and Central Power Research Institute (CPRI) surrendered an amount of Rs. 19.5 crore and 23.52 crore respectively out of a total outlays of Rs. 24.60 crore and Rs. 25.00 crore due to non-approval of new schemes and slow progress of on-going schemes during 2002-03. The Committee find that new schemes of the Ministry of Power for which funds to the tune of Rs. 20.00 crore were provided, could not get approved and the full amount for the purpose was surrendered during 2002-03. Further, due to non-approval of the revised cost estimates of the Tehri Stage-I by the competent authority and reluctance of the Northern Region constituents to source Power from Tehri Project, an amount of Rs. 391.56 crore was surrendered against the total outlays of Rs. 467.31 crore. Thus, it would be seen that a large number of schemes panned by the Ministry could not get even initial approval to start. This shows that those schemes were not planned by the Ministry perfectly and for which the scarce resources of the Government were blocked. The Committee do not approve the present practice being followed by the Ministry of

1	2	3
		Power which have been asking for higher allocations year after year, but the implementation of plans and policies are poor as ground realities are not taken into account while formulating and implementing the plans. The Committee feel that with such a state of affairs the scarce resources remain locked in unproductive returns at the cost of other needy sectors of the economy. The Committee are pained to note that although they have repeatedly recommended for formulation of realistic plans but no action seems to has been taken by the Government on these recommendations. The Committee, however, expect that intensified monitoring mechanism which is being put in place by the Ministry of Power will ensure that budgeted amounts earmarked at the BE stage is fully utilised during 2004-05. At the same time, the Committee desire that the Government should review all the on-going schemes in the month of July-August and if required, re-allocate the funds so that the budgeted amount is utilised fully during the financial year.
2.	2.11	The Committee further observe the quarterly utilization of funds by the Ministry of Power against the GBS of Rs. 3500 crore and IEBR of Rs. 11167.61 crore during 2003-04. The quarterly comparison with preceding year indicate that expenditure during first 3 quarters of the financial year are very low and it is only in the last quarter, the percentage utilization of funds is above the normal. Taking note of various on-going project/schemes of the Ministry of Power which are completed in

1	2	3
		a time span of three to ten years, the Committee fail to understand as to why there is rush for utilization of funds in the last quarter of the financial year. The Committee are of the view that this unhealthy trend of not spending any amount during first quarter of the financial year and rushing to major expenditure in the last quarter, especially in the month of February and March is against the financial norms. The Committee are of the concerned opinion that there has been system failure on large-scale in such cases. The Committee, therefore, strongly recommend the Government that a meaningful and relevant programmes and policies be formulated so that there should be regular infusion of funds in various projects/schemes in all quarters of the financial year and the total plan outlays are fully utilized. The Committee would like to be apprised of the action taken by the Government in this regard.
3.	2.12	The Committee find that budget utilization is linked to the investment approval by the competent authority for each new project. The Committee in their 40th Report [Para No. 2.11 (13th Lok Sabha)] had observed that as per the existing procedure in vogue, each thermal power project costing more than Rs. 2500.00 crore is appraised by the Central Electricity Authority. Similarly, the limit for hydro project is Rs. 250 crore. Further, all hydro projects involving rivers flowing through more than one State require CEA clearance. By implication, this means that all the hydro projects irrespective of capacity cost would need CEA node for execution. The Committee

1	2	3
		had further observed that power project costing more than Rs. 100.00 crore needs clearance from Cabinet Committee on Economic Affairs (CCEA). In order to step up the utilization of funds, the Ministry of Power had suggested that the existing procedures for obtaining approval of projects need to be streamlined. The Ministry of Finance had then responded that enhanced delegation had been permitted to various Central Ministries including Power as recently as February, 2002. The Ministry of Finance had also stated that they were open to any measure, which lead to faster improvement of power projects as well as better utilization of funds allocated to power sector. Taking note of the proposal of the Ministry of Power to enhance the delegation of powers for implementation of power projects for the consideration of the Cabinet, the Committee find that the present ceiling prescribed for CCEA approval is too meagre. The Committee, therefore, reiterate their earlier recommendation for enhance delegation of powers to the Ministry and its PSUs. The Committee also feel that there is a need for thorough analysis of the reasons for delay which can be related to environment/ forests, land acquisition, law and order problems, tying up of financial resources, selling and power purchase agreements, etc. At the same time, the Committee favours the suggestion of the Ministry of Power regarding creation of Power Investment Commission for all projects in power sector on the lines of Telecom Commission or the National Highway Authority of India (NHAI) whereby PIB/CCEA clearance can be obtained for 5 years plan target

1	2	3
		irrespective of taking clearance for individual projects. The Committee desire that the Ministry of Power should immediately take up this matter with the Government at appropriate level and apprise the Committee of the resultant outcome.
4.	2.22	The Committee observe that capacity addition programme of the Government during 9th Plan was no better than 8th Plan achievements. Against a target capacity addition of 40245.2 MW set for the 9th Plan, the actuals were only 19015 MW. The Committee note that both Central and Private sectors have lagged behind the targets set during 9th plan in both thermal and hydel sectors. As against the targets set for 7574 MW for Central Sector (Thermal), achievement were only 3084 MW and the actuals were only 540 MW for hydro Power against the targets of 3455 MW. Similarly, Private sector achieved capacity addition of 4975 MW of thermal power and 86 MW of hydro power generation against the targeted 17038.5 MW and 550 MW of thermal and hydro power respectively. The Committee, therefore, have come to an irresistible conclusion that over-optimistic and unachievable targets are set by the Government which have never come close to achievement during the last 2 Plan periods. In spite of Committee's earlier recommendations to project realistic and achievable targets, the matter has not been seriously considered. The Hydel Sector has failed to materialize its targets, consequently leading to adverse hydel thermal mix. Over-dependence and a total reliance on private sector have failed to show any

1	2	3
		positive result so far. It is in this context, the Committee reiterate their earlier recommendation that it may not be desirable for the Government to diminish their role or withdraw themselves from the power sector lest private sector should fail again (29th Report of 13th Lok Sabha). The Committee are of the opinion that power sector should be rejuvenated and restructured. There is a need to extend adequate Budgetary support to hydel sector, so that optimal 40 : 60 hydel-thermal ratio mix be attained. The Planning Commission estimated a feasible capacity addition of 47,000 MW during the 10th Plan. Considering the 8th & 9th Plans performance, the Committee observe that this target seems to be difficult to achieve. The Committee's close scrutiny has revealed that lack of investment decision in thermal PSUs, delay in receipt of foreign assistance, submission of DPRs, are some of the reasons under Central Thermal Sector, for projects being slipped from 9th Plan. The projects under private sector slipped on account of failure to achieve Financial Closure, litigation etc. Funds constraints, land acquisition/R&R problems, adverse law & order, contractual problems were some of the reasons attributed for slippage of hydel Projects. A close look at these reasons indicate that these are not the new reasons and it was precisely because of these reasons the targets could not be achieved during the 8th Plan. But, the Government did not take any corrective action to check those reasons which resulted in failure of 9th Plan. The Committee, therefore, reiterate their earlier recommendation, that only achievable and

1	2	3
		realistic targets with firm details of the source of funding for capacity generation programme. The Committee desire that somewhere accountability should be fixed for projecting unrealistic target and failure to achieve the targets fixed. The Committee urge that the Government should, at least now, ensure that the projected 10th Plan targets are achieved. The Committee would, therefore, like to be apprised of the follow-up corrective action taken by the Government.
5.	2.34	The Committee observe that the Bureau of Energy Efficiency (BEE) is presently in the initial phase of establishing the institutional, promotional and regulatory arrangements and the corresponding expenditure incurred is reportedly being met from the interest earned on the corpus fund of Rs. 50.00 crore which is placed with NTPC in long-term (20 years) Secured Non-Convertible, Non-Cumulative Redeemable Taxable NTPC Bonds of Rs. 10.00 lakh each (Series SVII) at an interest rate of (8.75%) per annum, payable on quarterly basis and annually BEE is earning about Rs. 4 to 4.5 crore from the investment so made. Taking note of various energy conservation/efficiency activities undertaken by BEE, the Committee feel that the amount of Rs. 4 to 4.5 crore is too meagre for the BEE to execute and supervise all its proposed activities. The Committee, therefore, recommend that the Government should provide adequate budgetary support as well as take elaborate steps to ensure that agencies carrying out energy conservation activities should get enough and timely financial assistance through the Power

1	2	3
		Finance Corporation or other financial institutions. At the same, time the Committee expect that the payment and security mechanism worked out by BEE for Energy Service Companies for their investment in energy conservation activities with designated consumers would be rational. The Committee would like to know the present status of different energy efficiencies schemes which have not been taken up due to fund constraints and desire that the Government should ensure that no energy conservation scheme be held-up due to lack of funds. The Committee would like to know the action taken by the Government in this regard.
6.	2.35	The Committee note that various projects/ schemes such as National Energy Conservation Award Scheme, execution of the Energy Conservation Act, 2001 and the Bureau of Energy Efficiency's Action Plan include Indian Industry Programme for energy conservation, demand side management, standard labelling programme, energy efficiency in buildings, development of energy performance code, research programme, school education, etc. The Committee further observe that BEE has already taken various steps such as energy audit in Central Government buildings, testing facilities for standard and labelling guidelines for building codes, pilot project for school education, etc. Although, the Committee appreciate the various steps taken by BEE for various energy conservation activities resulting in a total saving of Rs. 2291.00 crore for the period 1999 to 2003 in 17 sub-sectors of industries, resulting in savings of avoided capacity generation (460 MW) against the investment on energy conservation devises to the tune

1	2	3
		of Rs. 3991.00 crore made in these industries. The Committee note that the Government have not furnished the recurring benefits of the investments made in various industries as the proportion of investments did not indicate the desired monetary gains by the industry. In this, context, the Committee would like to be apprised of the recurring benefits which should accrue to the industries on account of one time investments on energy conservation devices.
7.	2.36	The Committee feel that conservation and efficient use of energy should be treated as one of the major thrust areas to bridge the gap between the demand and supply of power. Although, measures to promote conservation of energy have been taken, the Committee are unhappy to note that energy audit in distribution systems in Kerala, West Bengal which were targeted to be completed in 1999-2000 by the Rural Electrification Corporation (REC) were delayed and completed only in 2000-01. The Committee are further dismayed to note that 3000 Amorphous Core Transformers which were to be introduced in the States of Andhra Pradesh, Punjab, Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh and Rajasthan by REC by 1999-2000, were delayed and the scheme was completed in 2003-04. The Committee observe similar fate of other schemes implemented by agencies like the Punjab State Electricity Board, HVPNL, TERI, etc. The Committee also observe that only one energy conservation activity each in the year 2002-03 and 2003-04 was completed by agencies other than BEE. The Committee are constrained to note

1	2	3
		that although the Government on the one hand are claiming high that a large number of schemes/activities have been initiated to promote the energy efficiency and savings have accrued, it seems that the Government have failed to enthuse conservation and energy efficiency agencies for undertaking such schemes. The Committee, therefore, reiterate their earlier recommendation that there is a greater need to bring about public awareness regarding energy efficiency measures of the Government and the Government should set the targets to be achieved for energy savings during a particular year. The Committee desire that short-term as well as long-term action plans be formulated and the Committee be apprised of the action taken by the Government in this regard.
8.	2.37	The Committee are unhappy to know that the Bureau of Energy Efficiency (BEE) is still in the process of establishing institutional mechanism to facilitate the implementation of the Energy Conservation Act and therefore the activity of reviewing the energy conservation equipment for 100% depreciation and other schemes are being proposed to be taken up in the current financial year. The Committee, therefore, recommend that the Government should take immediate action for fiscal incentives to encourage faster penetration of energy efficient technologies. The Committee stress that all these issues be decided immediately and the Committee should be apprised of the action taken in this regard within 3 months. The Committee also feel that there is need for wider publicity to the various provisions of the Energy Conservation Act which are likely to have a direct bearing on ordinary consumers so that they are not caught unaware when the Act is enforced.

1	2	3
9.	2.54	The Committee observe that the demand for electric power continues to grow at a rapid rate outstripping the availability for the same. In the prevailing scenario of shortage of adequate resources to build up new capacity on one hand and stringent environmental requirements on the other, Renovation and Modernisation (R&M) and Life Extension (LE) of power plants have been recognized as a well-proven cost effective techniques the world over for improving the performance/efficiency of older power plants and thereby adding additional generation of power at a much lesser cost. The Committee are of the opinion that plants performance can be increased by R&M and the power plants yield benefits in shorter span with infusion of renewable funds. However, the Committee are constrained to note the slow pace of completion of R&M activities as out of a total of 636 activities identified for R&M work in thermal power units, only 95 were completed during 2002-2003. The Committee observe that against 92 thermal units that are targeted for major refurbishment during 10th Plan (2002-2003 to 2006-07), RLA studies on 48 units only have reported to be completed so far. The Committee are further distressed to note that out of 60 units which will need R&M works to improve/sustain the performance, work on 25 units has been started during the first two years of 10th Plan. With only 13 schemes programmed for completion during 2004-2005, out of a total of 74 hydro schemes, only 33 are likely to be implemented/completed during the first three years of the 10th Plan. Although, the Ministry of Power have informed the

1	2	3
		Committee that adequate funds are available for life extension and R&M of thermal power station under AG&SP at concessional rates, the Committee observe that against the estimated fund requirements of Rs. 8700 crore and Rs. 1100 crore for Life Extension Programme (LEP) and Renovation and Modernisation (R&M) works; the expenditure incurred during 2002-2003 were only Rs. 33 crore and Rs. 309 crore respectively. Observing the low infusion of funds against the total fund requirements for the R&M projects, the Committee have come to the conclusion that there is not enough interest on the part of the Government in pursuing R&M work for power projects vigorously. Although, the Committee have been informed of the perspective plan that has been drawn for undertaking R&M works during the 10th Plan and beyond, unfortunately the infusion of desired funds and lack of pace of completion of R&M activities both for thermal & hydel plants indicate to the contrary. The Committee, therefore, recommend that R&M of all the identified potential units should be undertaken in a fixed timeframe and CEA should monitor the work. The Committee also recommend that private sector should also be involved in implementation of R&M schemes to ensure the speedily achievement of targets. The Committee also note that the Government have not given enough attention to the R&M of transmission lines and sub-stations, etc. set up by Powergrid. The Committee would like the Government to draw up a programme for R&M of these assets and inform the Committee within 3 months of the presentation of the Report.

1	2	3
10.	2.66	The Committee observe that the Government of India have approved APDRP scheme as an intervention strategy with a focus on distribution reforms with an objective to reduce AT&C losses, bring about commercial viability in the power sector, reduce outages & interruptions, and increase consumer satisfaction. The outlay of Rs. 40,00 crore as additional Central Plan assistance to State Governments during 10th Five Year Plan are expected. The Government have informed the Committee that for availing APDRP funds, the States have to sign MoU with Ministry of Power which covers establishment of SERC, restructuring of SEB etc. The States also have to sign tripartite agreement in respect of dues of CPSUs and SEB utility, sign the MoA with Ministry of Power which covers 100% consumer metering, energy accounting, gap reduction between cost of supply & revenue realization, reduction of T&D losses, and reduction of financial losses etc. by way of committed benchmark parameters. The Committee are, however, dismayed to note that although all States have signed MoU, MoA, Tripartite Agreements and 21 States have constituted SERCs and 17 SERCs have issued tariff orders, only 10 States have unbounded/ corporatized their SEBs and two States *viz*. Delhi & Orissa have privatized their SEBs so far. Further, 100% feeder metering have been completed in 16 States only and two States have reported to achieve more than 90% metering. The Committee are constrained to note that 100% consumer metering which should have been done on priority basis is reported to be completed only in 3 States so far. The Committee

1	2	3
		desire that the Government should take elaborate steps to speed up these schemes.
11.	2.67	The Committee have also taken serious note of the fact that in cities where distribution of electricity has been privatised there has been a sudden rise in complaints from consumers regarding sharp increase in their electricity bills. The Committee feel that this issue should be enquired in detail and the Committee should be apprised of the action taken for quick redressal of consumers' grievances. At the same time, the Committee strongly recommend the Government to ensure that Grievance Redressal Forum and Ombudsman should be set up in all the States within three months.
12.	2.68	The Committee further observe that APDRP has two components. The investment component is meant for projects to strengthen and upgrade ST&D network and these are sanctioned for reduction in losses & outages and better reliability & increased customer satisfaction. Under this scheme, Government of India provides additional Central assistance of 50% of the project cost in the ratio of grant and loan as 1:1. Utilities have to arrange remaining 50% from financial institutions. Special categories states are entitled for 100% assistance in the ratio of grant and loan as 9:1 (NE States, J&K, H.P., Uttaranchal and Sikkim). The Committee are constrained to note that although an investment target of Rs. 16610.19 crore has been laid, the funds released during 2002-03 and 2003-04 are Rs. 1755.51 crore and Rs. 2356.51 crore respectively. As regard to the incentive

1	2	3
		component of APDRP, the Committee observe that funds are provided to SEBs/ Utilities for actual loss reduction by way of one for two matching grants. Although, the scheme started from the financial year 2000-01 as base year with a provision of Rs. 20,000 crore grant, the total Incentive amount released to the States of Andhra Pradesh, Gujarat, Haryana, Maharashtra and Rajasthan during 2002-03 and 2003-04 are Rs. 379.27 crore and Rs. 503.30 crore respectively. The Committee observe that the funds under APDRP are released based on financial progress of implementation of the projects sanctioned, as per scheme guidelines. Further funds are released to the State Government. State Government based on the utilizatiion of funds both APDRP and Counterpart by the State Government. As and when States/Utilities fulfills the above conditions, the recommendations of release of funds are made to the Ministry of Finance for release of funds against sanctioned projects. The Secretary, Ministry of Power was candid enough to admit before the Committee that Government of Maharashtra was pursued by the Ministry of Power to invest the matching amount as the grants sanctioned under the scheme were not utilized even after expiry of nine months. The Committee, therefore, recommend that the Government should take elaborate steps to ensure that matching funds are made available by the respective State Governments. The Committee expect the Ministry of Power to ensure that each State enthusiastically participate in the scheme so as to make APDRP scheme a success.
13.	2.82	The Committee observe that electricity is one of the main infrastructural requirements for agricultural and agro-industrial development, employment generation and

1	2	3
		improvement in the quality of life of people in rural areas. Taking note of Central Electricity Authority (CEA) report that 92,849 feasible villages still remain to be electrified and Bihar, Jharkhand and Uttar Pradesh have reported that some villages have to be rehabilitated and the slow pace of village electrification, (as only 879 villages were electrified during 2003-04 {upto February, 2004}; the Committee feel that repeated announcements made by the Government to speed-up the pace of the rural electrification have not been executed in letter and spirit. The Committee further note that progress of agricultural pump-set energisation for the year 2003-04 (upto February, 2004) is also poor as only 1,92721 pump-sets were energised during the period and more than 5 million pump-sets of the identified potential are yet to be energised. The Committee are further dismayed to note that interest subsidy for rural electrification was revised from Rs. 100 crore to Rs. 50 crore and Budget Estimates for Rural Electrification Supply Mission were down-wardly revised to Rs. 1 crore from the original outlays of Rs. 5 crore during 2003-04. In view of the slow pace of rural electrification programme and low utilisation of budgeted amount, including subsidies, the Committee are unhappy to observe the way, the Government have implemented/executed Rural Electrification Schemes and therefore strongly recommend that the Government should come with a detailed action plan to execute the rural electrification programme for complete village electrification in the next five years as envisaged in National Common Minimum Programme and apprise the Committee of the action plan framed in this regard.

1	2	3
14.	2.83	The Committee are further constrained to note that although funds for rural electrification are made available to SEBs/ implementation agencies through various Ministries including Rural Electrification Corporation, the actual utilisation/ disbursements are very low as compared to the sanctioned funds. The Committee observe that during the year 2002-03, against sanctioned funds of Rs. 12125 crore, the disbursements were only Rs. 6607 crore. Similarly, for the year 2003-04, against Rs. 15,976 crore, the disbursement made by REC were only Rs. 6017 crore. The Committee take a strong note of the fact that in spite of their repeated recommendations for disbursement of funds for rural electrification schemes as sanctioned, the funds released by REC since 1996-97 for different schemes were much below the sanctioned funds. In the absence of any explanations, the Committee failed to understand why the sanctioned funds could not be disbursed during a particular year. The Committee would like to know the status of implementation of all Rural Electrification schemes, including Kutir Jyoti Programme, during 2003-04. In view of the low disbursement of funds, the Committee recommend that the Government/REC should take all necessary steps so that the schemes planned in any particular year for which funds have been earmarked should be implemented and funds disbursed thereon. The Committee would like to know the action taken by the Government/ REC in this regard.
15.	2.84	The Committee are happy to note that after their repeated recommendations to redefine

1	2	3
		the existing definition of village electrification, the Government have now accepted the same and a new definition of village electrification has been notified. As per the new definition, a village would be declared as electrified if (i) basic infrastructure such as Distribution Transformer and Distribution lines are provided in the inhabited locality as well as the Dalit Basti/hamlet where it exists (For electrification through Non-Conventional Energy Sources a Distribution transformer may not be necessary), (ii) electricity is provided to public places like Schools, Panchayat Office, Health Centres, Dispensaries, Community Centres etc. and (iii) the number of households electrified should be at least 10% of the total number of households in the village. While welcoming the change in definition, the Committee feel that urgent steps should be taken to ensure that at least 50% of the total village households electrified in the next five years. The Committee feel that under the ambit of new definition the number of non-electrified villages, which at present stands at 92,849 shall go up. Similarly, the number of remote villages may also change based on more accurate survey. The Committee, therefore, urge that new definition be practised uniformly and adopted by all the arms of the Government, including the Ministry of Power. At the same time, the Committee desire that the Ministry of Power should impress upon the States to update their statistics based on the new definition and carryout fresh survey for identifying the non-electrified villages on priority basis. The Committee desire to be apprised of the action taken by the Government in this regard.

1	2	3
16.	2.85	The Committee would also like to know the mechanism under which the Rural Electricity Service Provider would be selected and the satisfactory arrangements for decentralized management and revenue collection through Panchayats/Users Association/Cooperative NGOs/Franchises etc. The Committee would like to know the follow-up action taken by the Government on new guidelines issued for Rural Electrification. The Committee also recommend that the Ministry should impress upon all the State Governments to constitute the District Electricity Committees under Section 166 (5) of the Electricity Act, 2003 which can facilitate expeditious rural electrification in each district by monitoring the functioning of these projects.
17.	2.94	As regard to the National Electricity Policy, Policies for Rural Areas and Tariff Policy, the Committee are constrained to note that the State Governments have failed to respond on the report of Task Force which was sent by the Ministry of Power for their comments. Again, on 28th June, 2004 the Government have requested to furnish their views on National Electricity Policy, Policies for Rural Areas and Tariff Policy within a period of one month. The Committee stress that the Government should take all desired steps to frame and notify the new Electricity policy at the earliest. The Committee also desire that the task of framing Policies for Rural Areas and Tariff Policy be also completed in a time bound manner. The Committee would like to know the action taken by the Government in this regard.

1	2	3
18.	2.95	The Committee have observed that recently a number of States have announced free power to various consumers particularly to farmers. While examining the Electricity Bill, 2001, the Committee have commented upon at Para No. 10.67 (31st Report, 13th Lok Sabha) that in guise of free power to agriculture sector, subsidy to farm sector is being misused/misappropriated, thus defeating the very purpose of introducing of such a system for farm sector. The Committee had observed that such subsidy was cornered by persons other than for whom it was intended. The Committee *per-se* were not against the concept of subsidy to farm sector, but stressed that it needs to be regulated. It is in this context, the Committee had desired that electricity supply to agriculture should be compulsorily metered and duly reflected in the monthly Bill raised for the purpose. It would also help in checking the theft of electricity by non-agricultural sector as at present SEBs are showing all their losses against agricultural sector because it is not metered. The State Governments concerned can decide as to how much free power is to be given to a beneficiary and for how much power he has to pay. The Committee reiterate their earlier recommendation on free power to consumers and desire that it should compulsorily be metered so that the State Governments concerned can decided as to how much free power is to be given to a beneficiary and for how much power he has to pay. Taking note of the Tamil Nadu Electricity Regulatory Commission's orders directing Tamil Nadu Government to pay Rs. 196.00 crore for full year towards subsidy for execution of free supply of

1	2	3
		power to agriculture and the Andhra Pradesh Electricity Regulatory Commission order asking Andhra Pradesh Government to pay an amount of Rs. 380.45 crore from 15.5.2004 to 31.3.2005 towards subsidy for extension of free power, the Committee find that the Government have not clarified about the present policy guidelines to ensure that subsidy amount is either paid by the State Government in advance to the distribution licensee or these be released by the State Government in equal quarterly instalments subject to final adjustment at the end of the year. The Committee, therefore, desire to be apprised of the present guidelines issued by the Government in this regard.
19.	2.102	The Committee observe that the Ministry of Finance/Planning Commission have issued instructions to all the Ministries/ Departments for allocation of 10% of their Plan Budget for the projects in the North Eastern Region including Sikkim. Accordingly, Ministry of Power is providing not only 10% of its Plan Budget but in excess of the 10% of the Plan Budget to the North-Eastern Region including Sikkim. Taking note of the low % utilization which varies from 9% to 36% of the total outlays with respect to North-Eastern Region and Sikkim during the last 3 years, the Committee feel that the very purpose of providing 10% of the total outlays of the Ministry to North-Eastern Region gets defeated. The Committee are further perturbed to note that though the Planning Commission conducts quarterly performance review (QPR) on a regular basis for each State including the States of

1	2	3
		the North-Eastern region which *inter-alia* also covers the power sector and in the said QPR both physical and financial progress in NE States are reviewed, it appears to the Committee that no corrective actions to expedite the timely completion of the projects have been taken. The Committee, therefore, strongly recommend the Government to take all desired steps to ensure that funds earmarked for North-Eastern Region which are meant for overall development of the region must be utilized and projects/schemes should be completed as targeted. The Committee are constrained to note the low utilisation of Budget outlays by NEEPCO which is undertaking power generation projects in North-Eastern Region. During the year 2003-04 as against BE of Rs. 414 crore, the actuals were only Rs. 61 crore. It appears that in spite of Committee's earlier recommendations that NEEPCO should set achievable targets and IEBR projections, the Government/NEEPCO had done nothing to implement these suggestions. Although, a number of projects like Tipaimukh gas based power Project (280 MW), Tipaimukh Hydro-electric Project (1500 MW), Turial Hydro-electric Project (60 MW), Tuivai Hydroelectric Project, (3x70 MW) etc. are being executed by NEEPCO, the Committee are at a loss to observe the downward revision of Budget Estimates during 2003-04. The Committee feel that the Government/NEEPCO will at least now ensure the utilisation of the plan outlays fully which are targeted for the year 2004-05. The Committee would like to be apprised of the steps taken to fully utilize the Budget Estimates of Rs. 482 crore from 2004-05 with 217 crore Gross Budgetary

1	2	3
		Support for the year. Since the funds for North-Eastern region get accredited to a non-lapsable fund every year, the Government should think of utilising these funds for creation of basic infrastructure in the region which in term would help in reducing the cost of various projects in the region. The Government may also analyse the possibility of utilising this fund to meet the expenditure on security activities at various projects sites to ensure proper law and order situation to avoid loading the cost on the project. The Committee also suggest that part of the unutilised amounts of the Ministry could be transferred to the non-lapsable fund. The Committee may be informed of the action taken in the matter.
20.	2.117	The Committee observe that Powergrid is executing ambitious plan for development of National Powergrid by 2012 and is targeting to complete it ahead by 3 years *i.e.* 2009. For development of National Grid which can support additional capacity addition of 1,00,000 MW in 10th & 11th Plans (by 2012), Powergrid has envisaged an investment of about Rs. 70,000.00 crore. Out of this, Rs. 50,000.00 crore is planned to be invested by Powergrid and balance Rs. 20,000.00 crore is proposed to be mobilized from private sector. According to the Ministry of Power, Powergrid plans to invest Rs. 21,370.00 crore in 10th Plan and Rs. 28258 crore in 11th Plan for Central Transmission Sector. Such a network would be capable of carrying 60% power generated in the country. Taking note of the present infusion of investments and

1	2	3
		completion of projects ahead of their targeted schedules, the Committee hope and trust that the Powergrid would be able to set up the National Powergrid three years in advance *i.e.* by 2009. The Committee desire that the Govt./Powergrid should take elaborate steps and redraw the completion of remaining phases for developing National Powergrid by 2009.
21.	2.118	The Committee are, however, constrained to note that the transmission and distribution of electricity is not given the desired attention as the present level of investments in T&D sector is only 28% against the 50% actually required. The absence of power evacuation facilities have resulted in accumulation and wastage of power generation. Although, the Government have stated that infusion of investment by Union Government through PSUs has helped to achieve the requisite level of development in regional grid system, the Committee find that investment in inter-state transmission system had been on lower side. Due to financial constraints, the State Utilities, by and large, have been concentrating on developing the basic State Grid Systems, but have been compromising on required margins for reliability. Further, the picture of investment in sub-transmission and distribution has been dismal. The Committee, thus, strongly urge the Government to vigorously speed up the implementation of APDRP scheme to help investments in the T&D Sector at the desired level. The Committee are of the opinion that with the financial support for

1	2	3
		APDRP for strengthening sub-transmission and distribution network, the T&D losses will be minimized.
22.	2.119	The Committee observe that Powergrid has diversified into telecom sector also and investments to the tune of about Rs. 650.00 crore has been made by the Powergrid in telecom sector. The Committee find that as only few links were under commercial operation, Powergrid earned revenue of Rs. 18.00 crore during the last two years. Further, till 15th July, 2004, orders worth about Rs. 23.00 crore have been reported to be secured by the Powergrid from various customers. With the expected returns to increase only after 7-8 years, the Committee are at a loss to observe that had the Committee's earlier recommendation Para No. 2.112, 16th Report, 13th Lok Sabha) been implemented; the Government/Powergrid should have been able to plough the investments of Rs. 650.00 crore in the transmission sector. The Committee, therefore, again recommend that the Government analyze the present investments made in the telecom sector *vis-a-vis* profit to be accrued which could be well ploughed back in the transmission sector for which the Powergrid has been mandated. The Committee would like to know the details of such analysis carried out by the Government/Powergrid.
23.	2.126	The Committee are constrained to note that during 2003-04 against BE of Rs. 1450.00 crore and RE of Rs. 600.00 crore, the actual fund utilization by Damodar Valley Corporation (DVC) were only Rs. 317.00 crore. The reasons adduced by DVC on each of

1	2	3
		the schemes where investments could not be utilized during the year resulting in surrendering the plan outlays are not convincing and only indicate the casual manner in which projects/plans are framed and executed. Taking a strong note of the under-utilization of funds by DVC, the Committee cannot but deplore the way, the unrealistic plan outlays are being proposed by DVC management for different projects/schemes. The Committee are dismayed to note that whereas as an average of Rs. 1000.00 crore are to be infused in the 3 ongoing projects of DVC during 10th Plan to augment 1210 MW of additional capacity, only Rs. 536.00 crore has been invested during the first two years of the Plan. The Committee, therefore, desire that the Government should review the existing system of budget formulation by DVC and all necessary steps be taken to improve budget formulation of plan outlays at the budget stage itself so that realistic targets could be set for generation, transmission & distribution and renovation & modernization activities proposed by the DVC during 10th Plan. The Committee may also be apprised of the action taken in this regard.
24.	2.127	The Committee are also unhappy to note that the meager amount has been earmarked for R&M works which needs a much bigger allocation. The Committee recommend that DVC should carry out R&M related works in a time-bound manner and the Committee should be informed of the schedule chalked out for the purpose.

ANNEXURE II

REVIEW OF PERFORMANCE DURING 2002-03, 2003-04 AND TARGETS FOR 2004-05

Capacity Addition during 2002-03 (Programme & Achievement)

Programme 2002-03

	Central sector	State sector	Private sector	Total
Thermal	920.00	790.10	1792.00	3502.10
Hydro	250.00	357.00	0.00	607.00
Nuclear	0.00	0.00	0.00	0.00
Total	1170.00	1147.00	1792.00	4109.10

Achievement 2002-03

	Central sector	State sector	Private sector	Total
Hydro	0.00	435.00	200.00	635.00
Thermal	1210.00	665.10	348.00	2223.10
Nuclear	0.00	0.00	0.00	0.00
Total	1210.00	1100.10	548.00	2858.10

Projects targeted	Projects commissioned	Projects not commissioned
1	2	3
Central Sector		
Simadhri U-2 (500 MW)	Commissioned	—
Neyveli FST Extn. U-1&2 (2x210 MW)	U-1 Commissioned	U-2 Not commissioned
Tehri-U-4 (250 MW)	—	Not commissioned

1	2	3
State Sector		
Pragati CCGT, Delhi GT-2 (104.6 MW) ST (121.2 MW)	Commissioned	—
Ramgarh CCGT St. II, Raj. GT-2 (37.5 MW) ST (37.8 MW)	Commissioned	—
Akrimota Lignite U-1, Guj. (125 MW)	—	Not commissioned
Raichur TPP, U-7, Kar. (201 MW)	Commissioned	—
Valuthur CCGT, TN GT (60 MW) ST (34 MW)	Commissioned	—
Limakhong DG U-4-6, Manipur (18 MW)	Commissioned	—
Rokia GT Extn. PH. II U-7, Tripura (21 MW)	Commssioned	—
Baramura GT Extn., Tripura (21 MW)	Commissioned	—
Bansagar Tons Ph. III U-3, MP (20 MW)	Commissioned	—
Bansagar Tons PH. II U-2, MP (15 MW)	Commissioned	—
Sri Sailam LBPH U-4, AP (150 MW)	Commissioned	—
Sri Sailam LBPH U-5, AP (150 MW)	Commissioned	—
Candil LBC U-1, Jharkhand (4 MW)	—	Not commissioned
Candil LBC U-2, Jharkhand (4 MW)	—	Not commissioned
Potteru PH. I U-1, Orissa (3 MW)	—	—
Potteru PH. II, Orissa U-1 (3 MW)	—	—
Likim—Ro U-3, Nagaland (8 MW)	—	—
Private Sector		
Dabhol CCGT Ph. II, U-1&2, Mah. (1444 MW)	—	Not commissioned
Peddapuram CCGT, ST, AP (78 MW)	Commissioned	—
Neyveli TPS U-0, TN (250 MW)	Commissioned	—

1	2	3
Bambooflat DG U-1 to 4, AN Island (4x5 MW)	Commissioned	—
Total (4109.1 MW)	2058.10	2051.00 MW

Commissioned outside programme.

1. Sardar Sarovar CHPH U-2&3, Guj. (100 MW)
2. Baspa-II U-1, HP (100 MW)
3. Talchar St. II U-3, Orissa (500 MW)
4. Baspa-II U-2, HP (100 MW)

Total (800 MW)

Grand Total 2858.10 MW

Capacity addition during 2003-04 (Programme & Achievement)

Programme—2003-04

	Central sector	State sector	Private sector	Total
Thermal	710.00	674.54	52.80	1437.34
Hydro	3465.00	200.00	100.00	3765.00
Nuclear	0.00	0.00	0.00	0.00
Total	4175.00	874.54	152.80	5202.34

Achievement—2003-04

Hydro	2325.00	165.00	100.00	2590.00
Thermal	710.00	651.62	0.00	1361.62
Nuclear	0.00	0.00	0.00	0.00
Total	3035.00	816.62	100.00	3951.62

Projects targeted	Projects commissioned	Projects not commissioned
1	2	3
Central Sector Talcher STPP St-II, U-4 (500 MW)	Commissioned	—

1	2	3
Neyveli TPS-I Exp., U-2 (210 MW)	Commissioned	—
Chamera St. II U-1, 2 & 3 (3x100 MW)	Commissioned	—
Dulhasti HEP U-1, 2 & 3 (3x130 MW)	—	Not commissioned
Indira Sagar U-1&2 (2x125 MW)	Commissioned	—
Nathpa Jhakari U-1 to 6 (6x250 MW)	Commissioned	—
Tehri St-1 U-1 to 4, (4x250 MW)	—	Not commissioned
Kopili St-II U-1 (25 MW)	Commissioned	—
State Sector		
Suratgarh TPP St. III U-5, Raj. (250 MW)	Commissioned	—
Kota TPP St. IV U-6, Raj. (195 MW)	Commissioned	—
Dhuvaran CCPP, Guj. GT (67.85 MW), ST (38.77 MW)	Commissioned	—
Kuttalam CCPP, T.N. GT (63 MW), ST (37 MW)	Commissioned	—
Bairaki DGPP U-1&2 Mizoram (11.46 MW), U-3&4 (11.46 MW)	—	Not commissioned
Srisailam LBPH U-6, AP (150 MW)	Commissioned	—
Pykara Ultimate U-1, TN (50 MW)	—	Not commissioned
Private Sector		
Valantharavai GT-1, TN (52.8 MW)	—	Not commissioned
Baspa HEP U-3 (100 MW)	Commissioned	—
Total	(5202.34 MW)	3686.62 MW 1515.72

Commissioned outside programme.

1. Indira Sagar U-3, MP (125 MW)
2. Indira Sagar U-4, MP (125 MW)
3. Almatti Dam U-1, Kar. (15 MW)

Total (265 MW)

Grand Total 3951.62 MW

Capacity Addition during 2004-05 (Programme & Achievement)

Programme—2004-05

	Central sector	State sector	Private sector	Total
Thermal	1710.00	777.92	172.60	2660.52
Hydro	1920.00	665.00	0.00	2585.00
Nuclear	0.00	0.00	0.00	0.00
Total	3630.00	1442.92	172.60	5245.52

Achievement—522.92 MW till 31.05.2004 (CS-500 MW and SS — 22.92 MW)

Projects targeted	Projects commissioned
1	2
Central Sector	
Talcher STPP St-II, U-5&6 (2x500 MW)	U-5 commissioned (500 MW)
Mejia TPS Extn. U-4 (210 MW)	
Indira Sagar U-5 to 8 (4x125 MW)	
Ramagundam St-III, U-7 (500 MW)	
Dhauliganga U-1 to 4 (4x 70 MW)	
Tehri St-I (3x250 MW)	
Dulhasti U-1 to 3 (3x130 MW)	
State Sector	
Bairabi DGPP U-1 to 4 (4x5.73 MW)	All units commissioned (22.92 MW)

1	2
Sardar Sarovar CHPH U-1, 4&5 (3x50 MW)	
TDL (Panipat) TPS U-7&8 (2x250 MW)	
Akrimota TPP U-1&2 (2x125 MW)	
Almatti Dam U-2, 3&4 (3x55 MW)	
Pykara Ultimate U-1 to 3 (3x50 MW)	
Sardar Sarovar RBPH U-1 (200 MW)	
Rangat Bay DGPP DG-1&2 (2x2.50 MW)	
Private Sector	
Valantharavai GTPP GT-38, MW, ST-14.80 MW	
Karuppur, CCPP GT-70 MW, ST-49.80 MW	
Total - 5245.52 MW	522.92 MW

ANNEXURE III

PROGRESS REPORT IN RESPECT OF VILLAGE ELECTRIFICATION

Sl. No.	States/UTs	Total inhabitat villages (1991 census)	Villages electrified as on 31.3.2003 (Provisional)		Achievement during 2003-04 (Provisional)			Total Achievement to the end of February, 2004
			Numbers	Percentage	1.04.2003 to 31.01.2004	Month under report end	Commulative at the and of February, 2004	
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh (^)	26586	26565	100.00	—	—	—	26565 (*)
2.	Arunachal Pradesh	3649	2316	63.5	NA	NA	NA	2316 (a)
3.	Assam (^)	24685	19039	77.1	42	NA	442	19081 (f)
4.	Bihar (^)	67513	48048	71.2	62	NA	62	48110 ($$) (e)
5.	Jharkhand (++) (^)							
6.	Goa (^)	360	360	100.00	—	—	—	360
7.	Gujarat	18028	17940	100.00	—	—	—	17940 (*)
8.	Haryana	6759	6759	100.00	—	—	—	6759
9.	Himachal Pradesh	16997	16890	99.4	1	NA	1	16891 (d)
10.	Jammu & Kashmir (^)	6477	6300	97.3	1	NA	1	6301 ($) (f)
11.	Karnataka	27066	26767	98.9	4	NA	4	26771 (+) (g)
12.	Kerala	1384	1384	100.00	—	—	—	1384
13.	Madhya Pradesh	51806	50400	97.3	48	NA	48	50448 (g)
14.	Chhattisgarh (^)	19720	18321	92.9	14	NA	14	18335 (d)
15.	Maharashtra	40412	40351	100.00	—	—	—	40351 (*)
16.	Manipur (^)	2182	2007	92.0	30	6	36	2043
17.	Meghalaya (^)	5484	2757	50.3	105	NA	105	2862 (d)
18.	Mizoram	698	691	99.0	4	NA	4	695 (g)
19.	Nagaland	1216	1216	100.00	—	—	—	1216
20.	Orissa (^)	46989	37307	79.4	40	NA	40	37347 (b)
21.	Punjab	12428	12428	100.00	—	—	—	12428

1	2	3	4	5	6	7	8	9
22.	Rajasthan (^)	37889	36885	97.4	121	62	183	37068
23.	Sikkim	447	405	100.00	—	—	—	405 (#)
24.	Tamil Nadu	15822	15822	100.00	—	—	—	15822
25.	Tripura	855	817	95.6	Nil	NA	Nil	817 (g)
26.	Uttar Pradesh	97122	55230	56.9	68	NA	68	55298 (XX) (c)
27.	Uttaranchal (^)	15681	12863	82.0	NA	NA	NA	12863 (a)
28.	West Bengal (^)	37910	31367	82.7	271	NA	271	31638 (f)
	Total (States)	586165	491235	83.8	811	68	879	492114
	Total (UTs)	1093	1090	100.00	—	—	—	1090 (*)
	Total (All India)	587258	492325	83.8	811	68	879	493204

(*) Fully electrified Balance not feasible for electrification.

(#)-Provisional 42 Nos. forest villages not electrified.

(+) 283 villages declared non-feasible for electrification.

(++) Separate date not available.

($$) Achievement as per 1981 census.

($) Achievement as per 1971 census, 1991 census not held.

(^) Achievement as per old definition of village electrification *i.e.* prior to October, 1997.

(a)-As on 31.3.2003

(b)-As on 30.6.2003

(c)-As on 31.8.2003

(d)-As on 31.10.2003

(e)-As on 30.11.2003

(f)-As on 31.12.2003

(g)-As on 31.01.2004

Note:

(XX) Cummulative achievement have been recast by UPPCL as per definition of village electrification notified by Govt. of India in October, 1997. As a result there has been a downward revision from the earlier figure of 77405 (Which was based on old definition) to 54951.

ANNEXURE IV

PROGRESS REPORT IN RESPECT OF PUMPSET ENERGISATION

Sl. No.	States/UTs	Estimate ultimate potential in terms of electrical pumpsets (*)	Pumpsets energised as on 31.3.2003 (Provisional)		Achievement during 2003-04 (Provisional)			Total Achievement to the end of February, 2004
			Numbers	Percentage	1.04.2003 to 31.01.2004	Month under report	Commulative at the end of February, 2004	
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	1981000	2249894	113.6	34583	NA	34583	2284477 (i)
2.	Arunachal Pradesh	1200	—	—	—	—	—	—
3.	Assam	254000	3675	1.4	Nil	NA	Nil	3675 (h)
4.	Bihar	1352200	277085	20.5	1064	NA	1064	278149 (g)
5.	Jharkhand (++)							
6.	Goa	7800	7252	93.0	80	NA	80	7332 (h)
7.	Gujarat	779800	764564	98.0	24701	NA	24701	789265 (i)
8.	Haryana	470800	435537	92.5	6673	NA	6683	442210 (i)
9.	Himachal Pradesh	14200	7389	52.0	542	82	624	8013
10.	Jammu & Kashmir	67200	9123	13.6	Nil	NA	Nil	9123 (h)
11.	Karnataka	1357000	1402209	103.3	11967	NA	11967	1414176 (i)
12.	Kerala	435600	417640	95.9	9444	1682	11126	428766
13.	Madhya Pradesh	2773600	1320923	NA	2449	NA	2449	1323372 (i)
14.	Chhattisgarh		90519	NA	3545	NA	3545	94064 (f)
15.	Maharashtra	2449800	2417075	98.7	33037	NA	33037	2450112 (f)
16.	Manipur	37600	45	0.1	—	—	—	45
17.	Meghalaya	14200	65	0.5	—	—	—	65
18.	Mizoram	—	—	—	—	—	—	—
19.	Nagaland	10000	176	1.8	—	—	—	176
20.	Orissa	1214000	74625	6.1	NA	NA	NA	74625 (a)
21.	Punjab	751000	835651	111.3	14949	3530	18479	854130 ($)

1	2	3	4	5	6	7	8	9
22.	Rajasthan	630600	678466	107.6	19001	2021	21022	699488 (#)
23.	Sikkim	5000	—	—	—	—	—	—
24.	Tamil Nadu	1662600	1793948	107.9	19186	3619	22805	1816753 (^)
25.	Tripura	14800	2757	18.6	119	NA	119	2876 (i)
26.	Uttar Pradesh	2610000	835642	NA	Nil	NA	Nil	835642 (e)
27.	Uttaranchal		17007	NA	NA	NA	NA	17007 (c)
28.	West Bengal	650000	112322	17.3	382	NA	382	112704 (c)
	Total (States)	19544000	13753589	70.4	181722	10934	192656	13946245
	Total (UTs)	50000	38884	77.8	61	4	65	38949
	Total (All India)	19594000	13792473	70.4	181783	10938	192721	13985194

(*) Tentative Ground water potential has been revised as per the minutes of the 19th meeting of the central ground water board held on 31.10.95

(#)-cummulative reconnection / disconnection as on 31.3.2003 are (-) 14041

($)-cummulative reconnection / disconnection as on 31.3.2003 are (+) 21908

(^)-cummulative reconnection / disconnection as on 31.3.2003 are (-) 118756

(++) Separate data not available.

(a)-As on 30.4.2001

(c)-As on 31.3.2003

(e)-As on 31.8.2003

(f)-As on 31.10.2003

(g)-As on 30.11.2003

(h)-As on 31.12.2003

(i)-As on 31.01.2004

ANNEXURE V

The main recommendations of the Task Force on tariff policy:—

i. Procurement of power through competitive bidding process for achieving most economic tariff Government of India to issue necessary guidelines.

ii. For generation and transmission where tarriffs are determined on the basis of capital costs, 14% return on equity has been provided taking into view the prevalent economic conditions as against the existing 16% return.

iii. A normative debt equity ratio of 70:30 to be followed in generation and transmission. Depreciation to be allowed as per provisions under Companies' Act.

iv. For promoting open access in transmission, a National level transmission tariff system sensitive to distance and direction of flows to be adopted. A suitable mechanism for transmission loss compensation also provided for meeting the above objective.

v. All available information regarding the availability of transmission capacity to be fully shared with intending users.

vi. Adequate development of transmission capacity envisaged to avoid the situation of overloading and high losses.

vii. Reasonable and adequate compensation for availing spare energy from captive generating plants.

viii. Multi Year Tariff framework (MYT) to be adopted both in distribution and transmission from 1st April, 2005. While taking into account the actual level of losses at starting period, strict compliance envisaged for prescribed efficiency improvement trajectory.

ix. Recognizing the fact that risks are higher in distribution business a higher rate of return on equity (*i.e.* 16%) has been provided. Also in case of distribution utilities greater flexibility is required in view of the risks associated and therefore, Debt: Equity ratio upto 50:50 could be adopted.

x. Consumer bills for electricity to be transparent and informative including break up of different related costs.

xi. Necessary supportive measures provided for consumers opting for open access.

ANNEXURE VI

MINUTES OF THE FIRST SITTING OF THE STANDING COMMITTEE ON ENERGY (2004-05) HELD ON 12TH AUGUST, 2004 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 15.00 hrs. to 17.50 hrs.

PRESENT

Shri Gurudas Kamat—*Chairman*

MEMBERS

2. Shri Gauri Shankar Chaturbhuj Bisen
3. Shri Nandkumar Singh Chauhan
4. Shri Dharmendra Pradhan
5. Shri Vijayendra Pal Singh
6. Shri E.G. Sugavanam
7. Shri G. Venkataswamy
8. Shri Kamal Akhtar
9. Shri Sudarshan Akarapu
10. Shri Vedprakash P. Goyal
11. Dr. (Smt.) Najma A. Heptullah
12. Dr. K. Kasturirangan
13. Shri V. Hanumantha Rao
14. Shri Matilal Sarkar
15. Shri Motilal Vora

SECRETARIAT

1. Shri Anand B. Kulkarni — *Joint Secretary*
2. Shri P.K. Bhandari — *Director*
3. Shri R.K. Bajaj — *Under Secretary*

WITNESSES

Sl.No.	Name	Designation
1.	Shri R.V. Shahi	Secretary
2.	Shri A.K. Jain	Additional Secretary
3.	Smt. Gauri Chatterji	Additional Secretary
4.	Shri Ajay Shankar	Additional Secretary
5.	S. Mrutunjay Sahoo	JS & FA
6.	Shri Arvind Jadhav	Joint Secretary
7.	Shri A.K. Kutty	Joint Secretary
8.	Shri G.B. Pradhan	Joint Secretary
9.	Shri H.L. Bajaj	Chairman, CEA
10.	Shri C.P. Jain	CMD, NTPC
11.	Shri Yogendra Prasad	CMD, NHPC
12.	Shri R.P. Singh	CMD, PGCIL
13.	Shri P.D. Tuteja	CMD, THDC
14.	Shri A.A. Khan	CMD, PFC
15.	Shri R. Krishnamurthy	Director (Fin.), PFC
16.	Shri M.N. Prasad	CMD, REC
17.	Shri H.D. Khunteta	Director (Fin.), REC
18.	Shri A.K. Basu	Secretary, DVC
19.	Shri T.N. Thakur	CMD, PTC
20.	Shri Rakesh Nath	Chairman, BBMB

At the outset, the Chairman, Standing Committee on Energy welcomed the Members to the 1st sitting of the Standing Committee on Energy (2004-05) and apprised them about the scope and functions of the Committee. The Committee felt that they should first deliberate on the Demands for Grants (2004-05) of the Ministries of Power and Non-Conventional Energy Sources taking into account the short period by which the Reports are to be presented to the House. The Committee then decided to consider Memorandum No.-I regarding selection of subjects some time later after the detailed examination of Demands for Grants of the Ministries is over.

2. Thereafter, the representatives of the Ministry of Power were called in to tender evidence, in connection with the examination of Demands for Grants (2004-05) of the Ministry of Power.

3. The Chairman, Standing Committee on Energy welcomed the representatives of the Ministry of Power to the sitting of the Committee and apprised them of the provisions of Direction 58 of the Directions by the Speaker.

4. The Committee, then discussed the following important points:—

(i) Plan outlays for 2004-05,

(ii) Failure to achieve Plan outlays and power generation programme during 9th Plan period,

(iii) Power generation targets for 10th and 11th Plans,

(iv) APDRP and power sector reforms,

(v) Setting up of National Power Grid to evacuate power from regions which have excess power,

(vi) Irregular and escalated power bills from private distribution agencies,

(vii) Electrification of rural households,

(viii) Project implementation by NEEPCO/NHPC,

(ix) Energy conservation activities,

(x) Policy regarding captive power plants.

5. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

ANNEXURE VII

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON ENERGY (2004-05) HELD ON 18TH AUGUST, 2004 IN COMMITTEE ROOM '139', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1000 hrs. to 1030 hrs.

PRESENT

Shri Gurudas Kamat—*Chairman*

MEMBERS

2. Shri Ajay Chakraborty
3. Shri Chander Kumar
4. Shri Dharmendra Pradhan
5. Shri Prashanta Pradhan
6. Dr. Rabindra Kumar Rana
7. Shri Khiren Rijiju
8. Shri Vijayendra Pal Singh
9. Shri Tarit Baran Topdar
10. Shri G. Venkataswamy
11. Shri Chandrapal Singh Yadav
12. Shri Kamal Akhtar
13. Shri Vedprakash P. Goyal
14. Dr. (Smt.) Najma A. Heptullah
15. Shri Matilal Sarkar
16. Shri Motilal Vora

SECRETARIAT

1. Shri Anand B. Kulkarni — *Joint Secretary*
2. Shri P.K. Bhandari — *Director*
3. Shri R.K. Bajaj — *Under Secretary*

At the outset, the Chairman, Standing Committee on Energy welcomed the Members to the sitting of the Standing Committee on Energy.

2. The Committee took up for consideration the following Draft Reports:—

(i) Draft Reports on Demands for Grants (2004-05) of the Ministry of Power,

(ii) Draft Report on Demands for Grants (2004-05) of the Ministry of Non-Conventional Energy Sources.

3. The Members suggested certain additions/modifications to the draft Report on Demands for Grants (2004-05) relating to the Ministry of Power and desired that those be suitably incorporated in the Report. The Report was then adopted. The draft Report on Demands for Grants (2004-05) relating to the Ministry of Non-Conventional Energy Sources was adopted by the Committee without any amendment.

4. The Committee authorized the Chairman to finalize the Reports after making consequential changes arising out of factual verification by the concerned Ministries and to present these Reports to both the House of Parliament during the current Session.

5. The Committee also decided to hold their next sitting on 26th August, 2004 to consider the Memorandum No.-I regarding Selection of Subjects and to chalk-out future programme of the Committee.

The Committee then adjourned.

PART II

ANNEXURE-I

CONSOLIDATED FINANCIAL REQUIREMENTS OF MINISTRY OF POWER

The Financial requirements (Gross Budget Support) for the various programmes of the Ministry of Power for 2004-05 as also the Actuals for 2002-03, the Budget Estimates 2003-04 & Revised Estimates 2003-04 are given below:

(Rs. in thousands)

Sl.No.	Name of the Scheme	Actuals 2002-03			Budget Estimates 2003-04			Revised Estimates 2003-04			Budget Estimates 2004-05		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
I.	Policy Formulation, Direction & Administration	12301.00	78725.00	91026.00	10000.00	82400.00	92400.00	14300.00	88584.00	102884.00	10000.00	96100.00	106100.00
II.	Technical Control, Coordination & Supervision	31839.00	201479.00	233318.00	239730.00	209095.00	448825.00	89352.00	216203.00	305555.00	379427.00	223004.00	602431.00
III.	Survey & Investigation	114717.00	10354.00	125071.00	52540.00	10864.00	63404.00	15748.00	10283.00	26031.00	810473.00	10709.00	821182.00
IV.	Power Generation	11098835.00	10492617.00	21591452.00	18868600.00	11410000.00	30278600.00	8683600.00	10449250.00	19132850.00	14559300.00	10799980.00	25359280.00
V.	Power Transmission	1100000.00	48211.00	1148211.00	802330.00	48706.00	851036.00	200000.00	49624.00	249624.00	3020000.00	51613.00	3071613.00
VI.	Rural Electrification	2578665.00	0.00	2578665.00	2000000.00	0.00	2000000.00	1200000.00	0.00	1200000.00	5000000.00	0.00	5000000.00

1	2	3	4	5	6	7	8	9	10	11	12	13	14
VII.	Research & Development	179121.00	25.00	179146.00	300000.00	25.00	300025.00	60000.00	27.00	60027.00	175000.00	27.00	175027.00
VIII.	Training	92200.00	74600.00	166800.00	296000.00	67800.00	363800.00	60000.00	67800.00	127800.00	150000.00	50850.00	200850.00
IX.	Consultancy	0.00	79245.00	79245.00	100000.00	89510.00	189510.00	20000.00	84399.00	104399.00	100000.00	86917.00	186917.00
X.	BEE	500000.00	0.00	500000.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	100.00
XI.	Power Finance Corporation (Subsidy)	2596881.00	0.00	2596881.00	3000000.00	0.00	3000000.00	2000000.00	0.00	2000000.00	3000000.00	0.00	3000000.00
XII.	North East	0.00	0.00	39301.00	9330800.00	0.00	9330800.00	6157000.00	0.00	6157000.00	8790700.00	0.00	8790700.00
XIII.	Central Electricity Regulatory Commission	0.00	39301.00	39301.00	0.00	50000.00	50000.00	0.00	57300.00	57300.00	0.00	95500.00	95500.00
XIV.	Setting up of SERC's	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5000.00	0.00	5000.00
	Grand Total	18304559.00	11024557.00	29329116.00	35000000.00	11968400.00	46969400.00	18500000.00	11023470.00	29523470.00	36000000.00	11414700.00	47414700.00